Microlog Microfiche Collection
Resolution Chart

Copyright

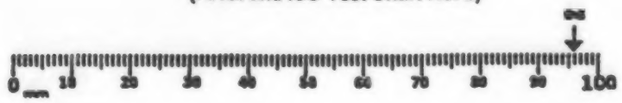
Copyright for the *contents* of this microfiche is held by the publisher of the original document. Please contact the original publisher for guidance in all copyright matters. Copyright in this *microfiche edition* is held by Micromedia Limited.

Quality of the Microfiche Reproduction

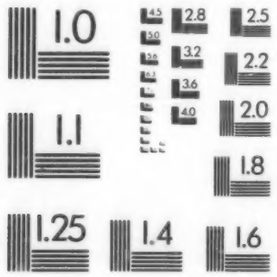
Micromedia Limited maintains the highest standards for micrographic reproduction. Attempts are made to obtain the best quality print version to microfilm. However, there are some printing styles, colours and graphic layout styles (including maps, graphs and tables) which do not reproduce well. Because of the value of the original document, Micromedia has filmed it recognizing that it may not be as easy to read as the original document.

Some pages have been filmed twice to improve the clarity of the reproduction. Consult both reproductions to ensure that all of the original text is read.

Microcopy Resolution Test Chart
National Bureau of Standards
Standard Reference Material 1010a
(ANSI and ISO Test Chart No. 2)



PM-1 3½"x4" PHOTOGRAPHIC MICROCOPY TARGET
NBS 1010a ANSI/ISO #2 EQUIVALENT



MS109

24x

micromedia
a division of IHS Canada

20 Victoria Street, Toronto, ON M5C 2N8
Tel.: (416) 362-5211
Toll free: 1-800-387-2689
Fax: (416) 362-6161

Collection MICROLOG sur Micromédia
Tableau de résolution

Droits d'auteurs

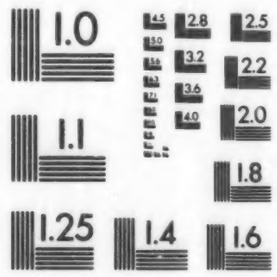
Les droits d'auteurs du conenu de cette microfiche sont détenus par l'éditeur du document original. Veuillez communiquer avec celui-ci pour obtenir des renseignements sur tout ce qui touche les droits d'auteurs. Les droits d'auteurs de cette édition sur microfiche sont détenus par Micromédia Limitée.

Qualité de reproduction sur microfiche

Micromédia Limitée maintient les normes de reproduction micrographique les plus élevées. Elle fait tout son possible pour obtenir la version sur papier à reproduire sur microfiche de la meilleure qualité possible. Cependant, certains styles d'imprimerie, de couleurs et de style de mise en page graphique (incluant des cartes, des grahiques et des tableaux) se reproduisent mal. En raison de la valeur du document original, Micromédia l'a reproduit tout en reconnaissant qu'il ne sera peut-être pas aussi lisable que le document original.

Tableau de résolution micrographique
National Bureau of Standards
Standard Reference Material 1010a
(ANSI and ISO Test Chart No. 2)

PM-1 3½"x4" PHOTOGRAPHIC MICROCOPY TARGET
NBS 1010a ANSI/ISO #2 EQUIVALENT



MS109

24x

micromedia
a division of IHS Canada

20 Victoria Street, Toronto, ON M5C 2N8
Tel.: (416) 362-5211
Toll free: 1-800-387-2689
Fax: (416) 362-6161

Gambling in Canada 2001:
An Overview

August 2001

Executive Summary

Background

Canada has a unique gambling policy structure. Unlike many international counterparts, gambling operates exclusively under the control of the provincial and territorial governments. A consequence of this decentralized structure is a lack of national or comparative data on gambling as a whole. This report addresses that deficiency and provides an all-encompassing snapshot of gambling. It analyzes: (1) the number and types of gambling available; (2) the amount of revenue provinces and charities receive from gambling; (3) problem gambling and treatment; (4) participation and attitudes toward gambling; and (5) government policy on gambling. Using 37 graphs and accompanying text, the report creates a unique data set that reconciles the different ways in which gambling data are presented in each province.

Key Findings

- There are over 100,000 places to make a bet in Canada. Canadians and visitors can choose to gamble at 38,252 VLTs, 31,537 slot machines, 32,932 lottery ticket centres, 1,880 bingo halls with permits, 59 permanent casinos, 70 race tracks (20 with slot machines) and 107 teletheatres.

- The total net profit, or what the governments keep after expenses and commissions are paid, for provincial and territorial governments was $5.5 billion in 1999/2000. Gambling leads "sin" tax revenues for the provinces. At $5.5 billion, provincial net gambling revenue is just shy of the $5.9 billion that the provinces net from the sales of alcohol and tobacco ***combined.***

- Total gross profits, or the amount left over after players' prizes have been paid but before expenses have been paid, were estimated at $9 billion by Statistics Canada for 2000. Looking at the difference between the gross and net figures, a big chunk of revenue, $3.5 billion, is the cost of operating gambling.

- On average, gambling contributes 3.41% of all provincial revenue sources. The provinces that benefit most from gambling activity are Nova Scotia (5.08%), Saskatchewan (4.68%), Alberta (4.58%), and Newfoundland (4.41%).

CanadaWest FOUNDATION

Key Findings (continued)

- The average total loss for each adult on provincially-run gambling is nearly $400. Manitoba ($491.87), Quebec ($475.69), and Nova Scotia ($470.76) generate the most per adult profit from their gambling activities, and BC ($181.93) and PEI (277.90) the least.

- Net revenues from EGM (electronic gambling machines like slot machines and VLTs) activity in lounges and racetracks (not including slots in casinos) have risen 1,369% (from $122 million to $1.8 billion) over the last 8 years. Over this time, casino activity has increased 573% (from $270 million to $1.9 billion) and lotteries rose 19% (from $1.6 billion to $1.9 billion).

- Charity-run gambling in Canada generated $712 million in net revenue in 1999/2000. Combined with the $5.5 billion in net revenue made by the provinces, total net revenue from gambling in Canada was $6.3 billion in 1999/00. In total, charities generated about 11% of all gambling revenue and governments the remaining 89%.

- Combined, the provinces spent over $28 million on problem gambling treatment programs in 1999/2000, or about $1.20 for every adult Canadian. No province (except PEI) spent more than 1% of their gambling revenue on problem gambling treatment, education or prevention programs.

- Gambling activity in Canada employs an estimated 47,500 persons as either regulators or operators of gambling for government or within gaming management companies.

- In general, gambling policy continues to evolve in Canada with only a minimum of opportunity for public involvement in the decision-making process.

Methodology

The data for this roadmap were obtained by Canada West researchers who canvassed the more than 40 provincial/territorial agencies involved in gambling over a 15-month period starting in May 2000. Initial data requests were followed by re-submissions to different agencies, obtaining departmental approval to release some data, and, in some cases, waiting for missing data. Despite the length of time that has passed since those initial attempts, it was not possible to develop a complete data set for all provinces. The data include the best available estimates when the actual data are unknown.

Author

Gambling in Canada 2001: An Overview was written by Jason J. Azmier, Canada West Foundation Senior Policy Analyst and Director of Gambling Studies (azmier@cwf.ca).

Copies of **Gambling in Canada 2001** can be downloaded for free from
the Canada West Foundation web site (www.cwf.ca), or can be ordered for $3.00.
To order a copy, please contact:

Canada West Foundation
P.O. Box 6572, Station D • Calgary, Alberta, Canada • T2P 2E4
Ph: (403) 264-9535 • Fax: (403) 269-4776 • E-mail: cwf@cwf.ca

GAMBLING IN CANADA 2001:
AN OVERVIEW

by Jason J. Azmier,
Senior Policy Analyst,
Director of Gambling Studies

AUGUST 2001

CANADA WEST FOUNDATION

ABOUT THE GAMBLING IN CANADA PROJECT

Gambling in Canada: Triumph, Tragedy or Tradeoff? is an ndependent national study of gambling in Canada. Funded by a number of philanthropic foundations including the Donner Canadian Foundation, the 3-year Gambling in Canada Project ends in October 2001. Emerging from public debates about the expansion of gambling, the project was designed to provide a much-needed comprehensive picture of the public policy issues surrounding gambling in Canada. Four overarching research areas are being explored:

(1) the impact of gambling on the non-profit sector;

(2) opinions, attitudes and public policy implications of gambling;

(3) the history and scope of gambling in Canada; and

(4) the socio-economic impact of gambling on communities.

The Canada West Foundation's Gambling in Canada Project is not supported by any government, the gambling industry, special interest groups, or individuals with known positions on gambling issues. The research objectives and output of the project is overseen by a Project Advisory Committee to ensure the accuracy and objectivity of the research.

Copies of the latest research are available by contacting the Canada West Foundation. For information on the current activities of the Gambling in Canada Project, please contact:

Jason J. Azmier,
Senior Policy Analyst
Canada West Foundation
P.O. Box 6572 Station D
Calgary, Alberta Canada
T2P 2E4

e-mail: azmier@cwf.ca
web site: www.cwf.ca
phone: (403) 264-9535 (ext. 22)
fax: (403) 269-4776

101-06964/

TABLE OF CONTENTS

	page
Introduction	2
Government Revenues	3
Gambling Revenues by Game	5
Charitable Revenue	7
Gambling Venues	8
Problem Gambling	10
Gambling Spending	11
First Nations Gambling Policy	12
Gambling Participation	13
Gambling Attitudes	14
Government Accountability	15
Concluding Comments	16

List of Figures

Figure 1.0: Government Involvement in Gambling
Figure 1.1: Provincial Net Gambling Revenue 99/00
Figure 1.2: Provincial Gross Gambling Revenue 2000
Figure 1.3: Net Revenue as % of Own Source Revenue 99/00
Figure 1.4: Net Loss Per Adult 19+, 2000
Figure 1.5: Gross Gambling Revenue 1992-2000
Figure 1.6: Net Gambling Revenue by Game 92/93 vs. 99/00
Figure 2.1: EGM (non-casino) Gambling Revenue 99/00
Figure 2.2: Provincial Lottery Revenue 99/00
Figure 2.3: Government Casino Revenue 99/00
Figure 2.4: Charity Bingo Revenue 99/00
Figure 2.5: Charity Raffle and Pull-ticket Revenue 99/00
Figure 2.6: Horse Racing Gross Revenue 2000
Figure 3.1: Total Net Gambling Revenue 99/00
Figure 3.2: Net Provincial Charitable Gambling Rev. 99/00
Figure 3.3: Net Charitable Gambling Revenues 99/00
Figure 4.1: Total 99/00 Gambling Venues by Game
Figure 4.2: Number of EGMs by Province 99/00
Figure 4.3: Number of VLTs by Province
Figure 4.4: Games Available by Province
Figure 4.5: Location of Current Gambling Venues in Canada
Figure 4.6: Reported Gambling Employment by Province
Figure 5.1: Estimated Problem Gambling Rates
Figure 5.2: Provincial Treatment Expenditure
Figure 5.3: Treatment Spending as a % of Net Gambling Rev.
Figure 6.1: Gambling Revenue Allocation 99/00
Figure 6.2: Provincial Charity Gambling Grants 99/00
Figure 7.1: Current First Nations On-Reserve Gambling
Figure 7.2: First Nations Gambling Revenue
Figure 8.1: 12-month Participation Rates by Game
Figure 8.2: Gambling Frequency by Game
Figure 8.3: Primary Gambling Motivation by Game
Figure 9.1: Gambling's Acceptability
Figure 9.2: Gambling Restrictions
Figure 9.3: Gambling's Impact on Quality of Life
Figure 10.1: Provincial Consultations and Policy Reviews
Figure 10.2: Recent Gambling Public Votes

Gambling in Canada Research Report No. 13

GAMBLING IN CANADA 2001:
AN OVERVIEW

by Jason J. Azmier,
Senior Policy Analyst
Director of Gambling Studies

with the research assistance of
Melissa Clements, Intern
Melissa Dickey, Policy Analyst
Robin Kelley, Policy Analyst
Peter Todosichuk, Intern

AUGUST 2001

The opinions expressed in this document are those of the author only, and not necessarily those of the Canada West Foundation's donors, subscribers, or Council. Permission is hereby granted by the Canada West Foundation to reproduce this document for non-profit and educational purposes. Copies of this report are available for $3 by contacting CWF or can be downloaded free of charge from the CWF web site at www.cwf.ca

ISBN #1-895992-11-7

Canada West Foundation
P.O. BOX 6572 Station D
Calgary, AB CANADA T2P 2E
ph: (403) 264-9535
fax: (403) 269-4776
e-mail: cwf@cwf.ca
web site: www.cwf.ca

Figure 1.0: Government Involvement in Gambling

Province	Government Agencies
British Columbia (BC)	***Regulatory:*** *Gaming Policy Secretariat - under Ministry of Public Safety and Solicitor General* *Gaming Audit and Investigation* *BC Gaming Commission (BCGC)* ***Operating:*** *BC Lottery Corporation (BCLC)* *Western Canada Lottery Corporation (WCLC)*
Alberta (AB)	***Regulatory:*** *Ministry of Gaming* *Alberta Gaming and Liquor Commission (AGLC)* *Alberta Gaming Research Council* ***Operating:*** *AGLC* *WCLC*
Saskatchewan (SK)	***Regulatory:*** *Saskatchewan Liquor and Gaming Authority (SLGA)* *Saskatchewan Indian Gaming Association (SIGA)* ***Operating:*** *SLGA* *Saskatchewan Gaming Corporation* *Saskatchewan Lotteries* *WCLC*
Manitoba (MB)	***Regulatory:*** *Manitoba Gaming Control Commission (MGCC)* *Manitoba Native Gaming Control Commission (oversees gambling on First Nations reserves)* ***Operating:*** *Manitoba Lotteries Corporation (MLC)* *WCLC*
Ontario (ON)	***Regulatory:*** *Alcohol and Gaming Commission of Ontario (AGCO) - reporting to the Ministry of Consumer and Business Services* *Management Board Secretariat* *Ontario Illegal Gaming Enforcement Unit (OIGEU)* ***Operating:*** *Ontario Lottery & Gaming Corporation (OLGC) - reporting to the Ministry of Tourism, Culture and Recreation*
Quebec (QC)	***Regulatory:*** *Regie des alcools, des courses et des jeux - under Ministère de la Sécurité Publique* ***Operating:*** *Loto-Québec* *Société des loteries vidéo du Québec (subsidiary of Loto-Québec)* *Société des bingos du Québec (subsidiary of Loto-Québec)*
New Brunswick (NB)	***Regulatory:*** *New Brunswick Department of Public Safety* ***Operating:*** *Atlantic Lottery Corporation (ALC)* *Lotteries Commission of New Brunswick*
Nova Scotia (NS)	***Regulatory:*** *Nova Scotia Alcohol and Gaming Authority (NSAGA)* ***Operating:*** *ALC* *Nova Scotia Gaming Corporation (NSGC)*
Prince Edward Island (PE)	***Regulatory:*** *PEI Lotteries Commission* *Office of the Attorney General for Charitable Gaming* ***Operating:*** *ALC*
Newfoundland (NF)	***Regulatory:*** *Department of Government Services and Lands, Trades Practices and Licensing Division* ***Operating:*** *ALC*
Yukon (YK)	***Regulatory:*** *Department of Community and Transportation Services* ***Operating:*** *Lotteries Yukon* *WCLC*
Northwest Territories (NW)	***Regulatory:*** *Department of Municipal and Community Affairs* ***Operating:*** *WCLC*
Nunavut (NU)	***Regulatory:*** *Department of Community Government and Transportation* ***Operating:*** *WCLC*
Federal	*Department of Justice oversees the Criminal Code. Federal government received $53.7 million from provinces in 1999/00 to not operate federal lotteries.* *The Canadian Pari-Mutuel Agency (CPMA), a division of Agriculture and Agri-Food Canada. The CPMA regulates and supervises pari-mutuel betting on horse racing at racetracks across Canada. The federal levy on horse racing was $14.2 million in 2000.*
Interprovincial	*Interprovincial Lottery Corporation (ILC)-joins together the five Canadian lottery corporations and operates Lotto 6/49, Super 7 and Special Event (Celebration).*

INTRODUCTION

In 1998, Canada West began a 3-year study to examine issues related to the expansion of gambling in Canada. One of the first documents the study produced was a roadmap entitled *The State of Gambling in Canada: An Interprovincial Roadmap of Gambling and its Impacts.* The document was unique as it was the first comparative presentation of national data related to gambling in Canada. This report follows-up and expands that effort. As an all-encompassing snapshot of gambling, it analyzes: (1) the number and types of gambling available, (2) the amount of revenue provinces and charities receive from gambling, (3) problem gambling and treatment, (4) participation and attitudes toward gambling; and (5) government policy on gambling.

The data for this roadmap were obtained by Canada West researchers who canvassed the more than 40 provincial/territorial agencies (see Figure 1.0) involved in gambling over a 15-month period starting in May 2000. Initial data requests were followed by re-submissions to different agencies, obtaining departmental approval to release some data, and, in some cases, waiting for missing data. Despite the length of time that has passed since those initial attempts, it was not possible to develop a complete data set for all provinces. The data include the best available estimates when the actual data are unknown.

Because of the need for comparability across the provinces, a unique data set has been created for this study. In some cases, the results within may not directly compare to Statistics Canada data, provincially reported figures, public accounts and bond rating agency data. The data presented in this study rationalize the number of different ways in which revenue is reported in each province. The Canada West data allow for a more consistent provincial representation of gambling data.

Finally, whenever possible, time series data have been presented to show the change in gambling over time. However, as gambling has evolved, so have the accounting practices of the provincial gaming authorities. As a consequence, caution should be used in giving too much weight to historical data sources. Fortunately, the sheer scope of the change in gambling revenues over a short period of time lends legitimacy to the general data trends. An accurate picture of the growth of gambling revenue is possible without concern about the introduction of the significant error associated with marginal data inputs.

I.0 GOVERNMENT REVENUES

This section examines the profits made by the provincial and territorial governments from gambling activities. There are 3 main ways in which governments report gambling proceeds. The highest reported value is usually gross wager. Gross wager is defined as the amount of money spent on gambling before any winnings are returned to the player. Although the exact amount of gross wager in Canada cannot be calculated from available data, a reasonable estimate of the gross wager on provincial gambling is around $18 billion. A second, often reported number, is the gross profit from gambling. Gross profit calculations are the amount left over after players' prizes have been paid but before expenses have been paid. Based on data provided to Statistics Canada by the provincial governments, gross profit in Canada is estimated at $9,040 million for 1999/2000. The third calculation, net revenue, is calculated after expenses and commissions have been paid out and is the lowest of the reported revenue totals. Canada West Foundation's analysis of public accounts and provincial gaming authority documents estimates that the total net profit for provincial and territorial governments was $5,561 million in 1999/2000. (Note: this report will present only gross profit and net profit data.)

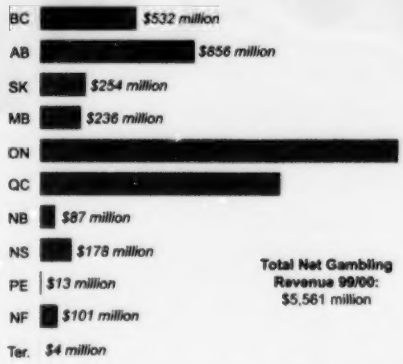
Using the net revenue calculation, or what the governments keep after expenses and commissions are paid, Ontario draws the most revenue from gambling at nearly $2 billion in 1999/2000. On the gross profit side, Ontario is also highest; nearly $3,319 million was spent on gambling in 1999/2000.

Government profits represent only a portion of the money that is made off of gambling–albeit the healthiest portion. Looking at the difference between the gross and net figures, a big chunk of gross profit, $3.5 billion, is divided among commissions to retailers, expenses to management companies and the cost of operating provincial regulatory agencies.

Provinces with large casino operations have less efficient gambling operations. In Ontario, only 59% of gross profit funds government, and in Quebec only 50% of profit is retained by government. Although not all expenses are treated equally among the provinces, Alberta (85%) and BC (95%) do report much greater revenue efficiencies.

Figure 1.3 illustrates the importance of gambling revenue to governments. On average, gambling contributes 3.41% of all provincial revenue sources. Gambling is also the far and away leader in the production of "sin" tax revenues for the provinces. At $5.5

Figure 1.1: Provincial Net Gambling Revenue 99/00

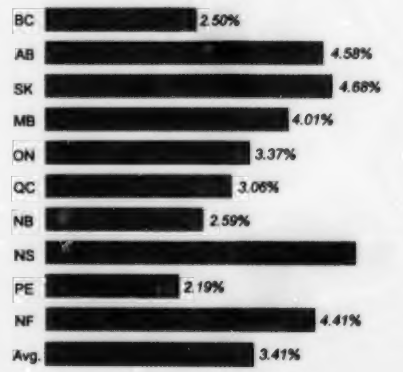


Note: 1999/2000 Net Revenue after expenses, prizes, commissions and before grants paid, as reported by Gaming Authorities and Provincial Public Accounts. Includes revenue from win taxes (ON and NS). Data include revenue accrued, not revenue transferred to general revenue (SK). Includes reductions for ALC losses in NB, NS, and PE. Does not include revenue from licensing fees, charitable gambling revenue or horse racing revenue.

Figure 1.2: Provincial Gross Gambling Revenue 2000

Note: 2000 Gross Revenue after prizes as reported by Statistics Canada (75-001-XPE). Does not include licensing fees, charitable gambling revenue or horse racing revenue.

Figure 1.3: Net Revenue as % of Own Source Revenue 99/00



Note: 1999/2000 Net Revenue after expenses, prizes, and commissions paid as reported by Gaming Authorities and Provincial Public Accounts. Own source revenues are all provincial revenues before federal transfers. (Statistics Canada Cansim matricies 3777-3788). Does not include licensing fees, charitable gambling revenue or horse racing revenue. Average excludes YK, NWT and NU.

1.0 GOVERNMENT REVENUES

This section examines the profits made by the provincial and territorial governments from gambling activities. There are 3 main ways in which governments report gambling proceeds. The highest reported value is usually gross wager. Gross wager is defined as the amount of money spent on gambling before any winnings are returned to the player. Although the exact amount of gross wager in Canada cannot be calculated from available data, a reasonable estimate of the gross wager on provincial gambling is around $18 billion. A second, often reported number, is the gross profit from gambling. Gross profit calculations are the amount left over after players' prizes have been paid but before expenses have been paid. Based on data provided to Statistics Canada by the provincial governments, gross profit in Canada is estimated at $9,040 million for 1999/2000. The third calculation, net revenue, is calculated after expenses and commissions have been paid out and is the lowest of the reported revenue totals. Canada West Foundation's analysis of public accounts and provincial gaming authority documents estimates that the total net profit for provincial and territorial governments was $5,561 million in 1999/2000. (Note: this report will present only gross profit and net profit data.)

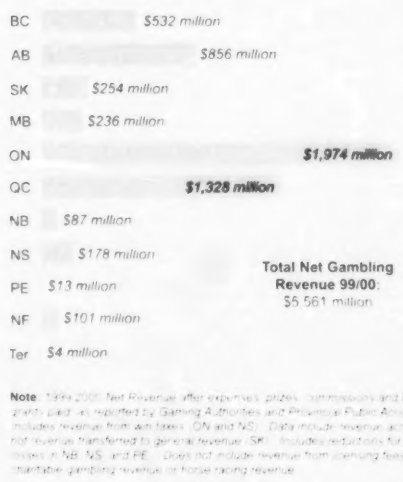
Using the net revenue calculation, or what the governments keep after expenses and commissions are paid, Ontario draws the most revenue from gambling at nearly $2 billion in 1999/2000. On the gross profit side, Ontario is also highest; nearly $3,319 million was spent on gambling in 1999/2000.

Government profits represent only a portion of the money that is made off of gambling–albeit the healthiest portion. Looking at the difference between the gross and net figures, a big chunk of gross profit, $3.5 billion, is divided among commissions to retailers, expenses to management companies and the cost of operating provincial regulatory agencies.

Provinces with large casino operations have less efficient gambling operations. In Ontario, only 59% of gross profit funds government, and in Quebec only 50% of profit is retained by government. Although not all expenses are treated equally among the provinces, Alberta (85%) and BC (95%) do report much greater revenue efficiencies.

Figure 1.3 illustrates the importance of gambling revenue to governments. On average, gambling contributes 3.41% of all provincial revenue sources. Gambling is also the far and away leader in the production of "sin" tax revenues for the provinces. At $5.5

Figure 1.1: Provincial Net Gambling Revenue 99/00

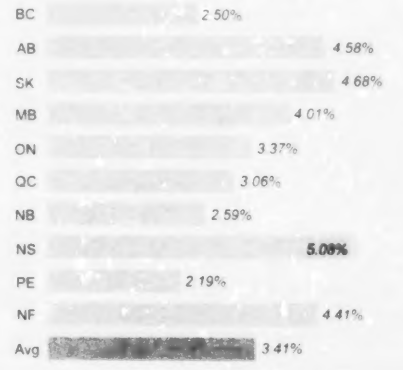


Note: 1999-2000 Net Revenue after expenses, prizes, commissions and before grants paid, as reported by Gaming Authorities and Provincial Public Accounts. Includes revenue from slot fees - ON and NS. Data include revenue accrued, not revenue transferred to general revenue. SK - Includes reductions for ALC losses in NB, NS, and PE. Does not include revenue from licensing fees, charitable gambling revenue or horse racing revenue.

Figure 1.2: Provincial Gross Gambling Revenue 2000

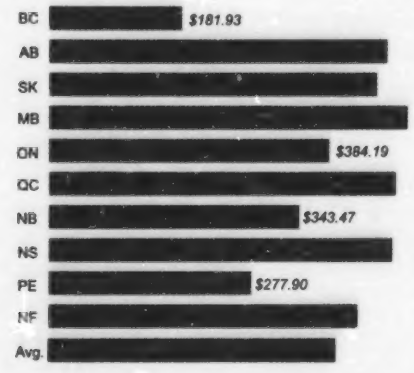
Note: 2000 Gross Revenue after prizes as reported by Statistics Canada, 75-001-XPE. Does not include licensing fees, charitable gambling revenue or horse racing revenue.

Figure 1.3: Net Revenue as % of Own Source Revenue 99/00



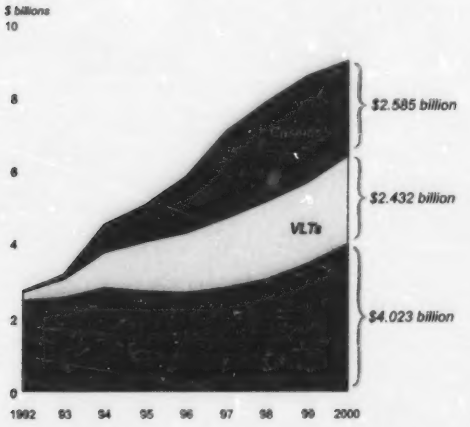
Note: 1999-2000 Net Revenue after expenses, prizes, and commissions paid as reported by Gaming Authorities and Provincial Public Accounts. Own source revenues are all provincial revenues before federal transfers. Statistics Canada Cansim matrices 3777-3788. Does not include licensing fees, charitable gambling revenue or horse racing revenue. Average excludes YK, NWT and NU.

Figure 1.4: Net Loss Per Adult 19+, 2000



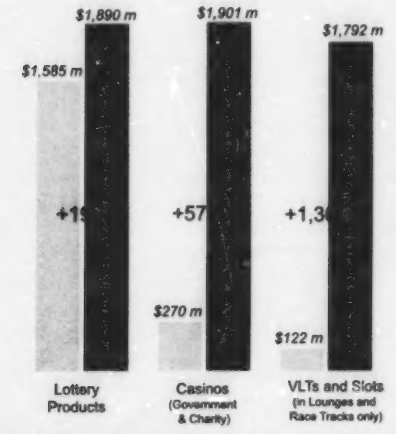
Note: 2000 *Net Loss is amount wagered less prizes returned. Based on Gross Provincial Revenue as reported by Statistics Canada (75-001-XPE). Per adult calculations based on number of adults in the province 19 years of age or older. (Annual Demographic Statistics, Statistics Canada). Does not include charitable gambling or horse racing losses. Average excludes YK, NWT and NU.*

Figure 1.5: Gross Gambling Revenue 1992-2000



Note: *Annual Gross Revenues after prizes and winnings as reported by Statistics Canada (75-001-XPE). Does not include licensing fees, charitable gambling revenue or horse racing revenue. All values expressed in current (year) dollars. Percentage breakdowns are based on estimates provided by Statistics Canada.*

Figure 1.6: Net Gambling Revenue by Game 92/93 vs. 99/00



Note: 1999/2000 *Net Revenue after expenses, prizes, commissions and before grants paid as reported by gaming authorities. 1992/1993 Net Revenue data as estimated by CWF (Azmier and Smith, 1998). Data do not include YK, NWT, or NU. Does not include any charitable gambling revenue or horse racing revenue. Only forms of gambling with comparable 1992 data presented.*

billion, provincial net gambling revenue is just shy of the $5.9 billion that the provinces net from the sales of alcohol and tobacco ***combined.*** With the continued expansion of gambling, it is likely that revenue will also soon challenge the fuel tax ($6.5 billion) in importance.

Some provinces are more reliant on gambling revenues than others. Proportionately, the provinces that benefit most from gambling activity are Nova Scotia (5.08%), Saskatchewan (4.68%), Alberta (4.58%), and Newfoundland (4.41%). This group stands apart for their higher dependence on gambling revenues. They collect a full percentage point more in proportional revenue from gambling than do the other provinces (except Manitoba at 4.01%). PEI and BC are the least dependent on gambling at 2.19% and 2.50% respectively.

Another way of analyzing gross profit figures for government is to think of these values as the net losses for the adults of that region. Similarly, the net loss total provides a sense of the overall per adult tax savings that gambling provides. The per adult net loss is the amount of tax revenue that would otherwise have to be raised by government if there were no gambling. Although these approaches ignore the impact of tourism, it does give a means to compare the amount of per adult gambling in each region. As shown in Figure 1.4, the average total loss for each adult on provincially-run gambling is nearly $400. Manitoba ($491.87), Quebec ($475.69), and Nova Scotia ($470.76) generate the most per adult profit from their gambling activities, and BC ($181.93) and PEI (277.90) the least.

Since 1992, gross gambling profits have grown more than threefold– from $2,734 million in 1992 to $9,040 million in 2000 (current dollars). As illustrated in Figure 1.5, growth has occurred across all three categories of gambling (lotteries, VLTs and casinos). However, the main growth components have been the emergence of casino and VLT revenue. In 1992 casinos accounted for only 1% of gross gambling profit and VLTs only 9%. By 2000 these portions had risen to 29% and 27% respectively (Marshall, 2001).

Net revenue figures tell a similar story (Figure 1.6). Because of the low cost of electronic gambling machines (EGMs) like VLTs and slots, net revenues from EGM activity in lounges and racetracks (not including slots in casinos) have risen a whopping 1,369%. Casino activity has also increased by 573% while lotteries have remained a steady source of net income, rising by 19% in the last eight years. Overall, each form of gambling generates about one-third of total provincial net gambling revenue.

2.0 GAMBLING REVENUES BY GAME

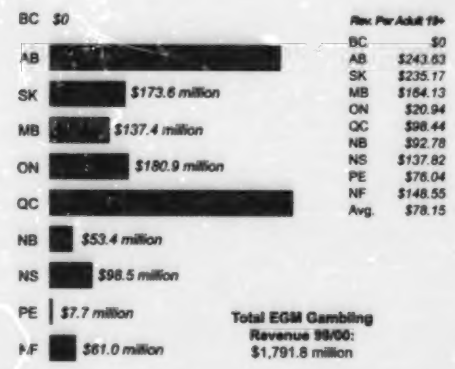
As mentioned earlier, electronic gambling machines (EGMs) are unique from other forms of gambling in the efficiency of generating revenue for the provinces and by the speed at which revenues grow. As a consequence, EGMs are also uniquely problematic because they: (1) may be more addictive as a result of their faster rate of play; (2) can be easily played by anyone as they require almost no special skill to operate; (3) are nearly ubiquitous in many regions in the country, giving easy access to players; and (4) use technology in the design and play of the machines to attract and retain players. These elements combine to create a popular gambling option in Canada.

For the provinces, EGM gambling generated $1,792 million in net revenue in 1999/00. Nowhere is EGM gambling more popular than across the prairie provinces. The Alberta government made $525 million in net revenue from its VLTs or $243 per adult. Next is Saskatchewan at $235 per adult, far higher than the next highest province, Manitoba, at $164 per adult. Conversely, Quebec, which made the most from non-casino EGM activity ($553 million), generated only $98 per adult. Proportionately, BC and Ontario generate the least revenue from EGM gambling. Ontario has no VLTs but does make $181 million from its slot machines located at race tracks. BC has neither VLTs nor race track slots but does operate electronic Club Keno in BC lounges (no profit estimates were provided by the BCLC for Club Keno activity).

Unlike EGMs, lotteries are available across Canada and are played with relatively consistent frequency in each area. Net revenue for lotteries in 1999/00 was $1,890 million or an average of $82.44 per adult. The more populous provinces make the most from lotteries at $732 million for Ontario, $480 million for Quebec, and $288 million for BC. On a per adult basis, lotteries are most popular in Newfoundland ($94.39) and BC ($93.88) and the least popular in Manitoba ($56.02).

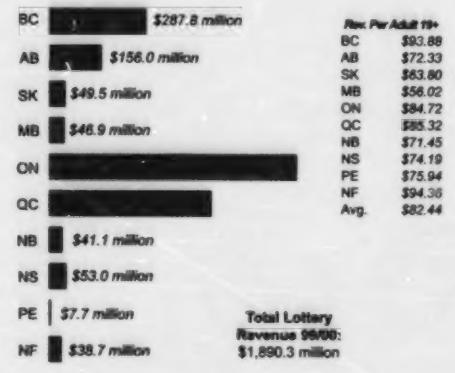
Permanent casinos are available in every province except New Brunswick, PEI and Newfoundland. Government net revenue from these casinos was $1,814 million in 1999/00. Ontario generated the most revenue from provincial casino activity at $985 million, more than all other provinces combined. Not surprisingly, Ontario also generates the most on a per adult basis ($114), more than the next highest levels in Alberta ($81) and BC ($79). Casino activity in Alberta is actually higher but the Alberta government only gets a portion of slot machine revenues from Alberta casinos, and table games are operated directly by Alberta charities.

Figure 2.1: EGM (non-casino) Gambling Revenue 99/00



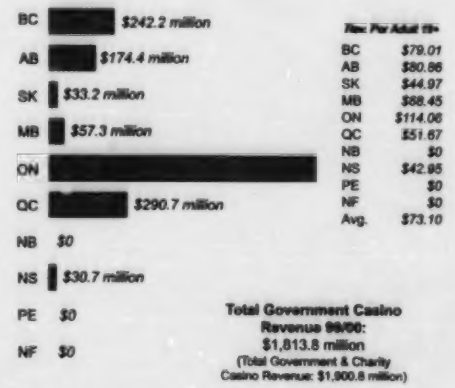
Note: 1999/2000 Net Revenue after expenses, prizes, and commissions paid but before grants paid, as reported by Provincial Lottery Corporations. Totals do not include slot machines in Casinos, but do include slot machines in Ontario race tracks. Totals does not include Territories.

Figure 2.2: Provincial Lottery Revenue 99/00



Note: 1999/2000 Net Revenue after expenses, prizes, and commissions paid but before grants paid as reported by provincial lottery corporations. Total does not include YK, NWT and NU.

Figure 2.3: Government Casino Revenue 99/00



Note: 1999/2000 Net Revenue after expenses, prizes, and commissions paid but before grants paid, as reported by provincial gaming authorities. Excludes charity casino revenue of $10.2 million in BC, $76.7 million in AB, $80,000 in NB and $20,000 in NF. Total does not include YK, NWT and NU.

Figure 1.4: Net Loss Per Adult 19+ 2000

Figure 1.5: Gross Gambling Revenue 1992-2000

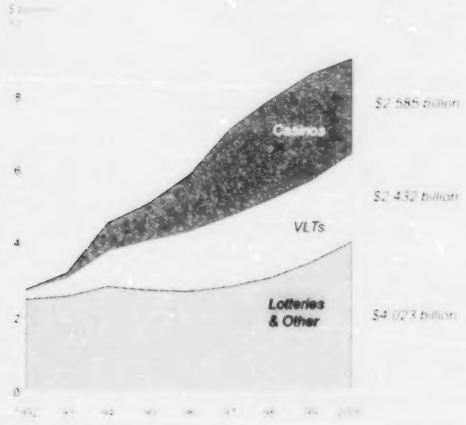
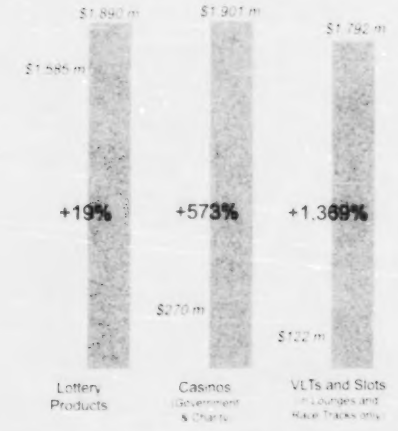


Figure 1.6: Net Gambling Revenue by Game 92-93 vs. 99-00



billion, provincial net gambling revenue is just shy of the $5.9 billion that the provinces net from the sales of alcohol and tobacco ***combined.*** With the continued expansion of gambling, it is likely that revenue will also soon challenge the fuel tax ($6.5 billion) in importance.

Some provinces are more reliant on gambling revenues than others. Proportionately, the provinces that benefit most from gambling activity are Nova Scotia (5.08%), Saskatchewan (4.68%), Alberta (4.58%), and Newfoundland (4.41%). This group stands apart for their higher dependence on gambling revenues. They collect a full percentage point more in proportional revenue from gambling than do the other provinces (except Manitoba at 4.01%). PEI and BC are the least dependent on gambling at 2.19% and 2.50% respectively.

Another way of analyzing gross profit figures for government is to think of these values as the net losses for the adults of that region. Similarly, the net loss total provides a sense of the overall per adult tax savings that gambling provides. The per adult net loss is the amount of tax revenue that would otherwise have to be raised by government if there were no gambling. Although these approaches ignore the impact of tourism, it does give a means to compare the amount of per adult gambling in each region. As shown in Figure 1.4, the average total loss for each adult on provincially-run gambling is nearly $400. Manitoba ($491.87), Quebec ($475.69), and Nova Scotia ($470.76) generate the most per adult profit from their gambling activities, and BC ($181.93) and PEI (277.90) the least.

Since 1992, gross gambling profits have grown more than threefold– from $2.734 million in 1992 to $9.040 million in 2000 (current dollars). As illustrated in Figure 1.5, growth has occurred across all three categories of gambling (lotteries, VLTs and casinos). However, the main growth components have been the emergence of casino and VLT revenue. In 1992 casinos accounted for only 1% of gross gambling profit and VLTs only 9%. By 2000 these portions had risen to 29% and 27% respectively (Marshall, 2001).

Net revenue figures tell a similar story (Figure 1.6). Because of the low cost of electronic gambling machines (EGMs) like VLTs and slots, net revenues from EGM activity in lounges and racetracks (not including slots in casinos) have risen a whopping 1,369%. Casino activity has also increased by 573% while lotteries have remained a steady source of net income, rising by 19% in the last eight years. Overall, each form of gambling generates about one-third of total provincial net gambling revenue.

2.0 GAMBLING REVENUES BY GAME

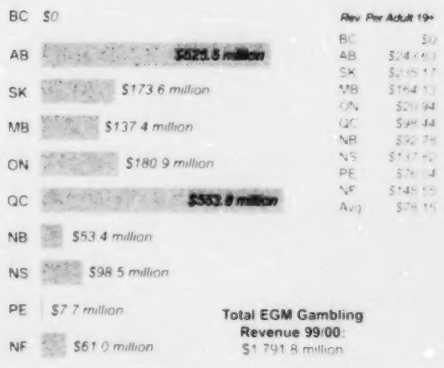
As mentioned earlier, electronic gambling machines (EGMs) are unique from other forms of gambling in the efficiency of generating revenue for the provinces and by the speed at which revenues grow. As a consequence, EGMs are also uniquely problematic because they: (1) may be more addictive as a result of their faster rate of play; (2) can be easily played by anyone as they require almost no special skill to operate; (3) are nearly ubiquitous in many regions in the country, giving easy access to players; and (4) use technology in the design and play of the machines to attract and retain players. These elements combine to create a popular gambling option in Canada.

For the provinces, EGM gambling generated $1,792 million in net revenue in 1999/00. Nowhere is EGM gambling more popular than across the prairie provinces. The Alberta government made $525 million in net revenue from its VLTs or $243 per adult. Next is Saskatchewan at $235 per adult, far higher than the next highest province, Manitoba, at $164 per adult. Conversely, Quebec, which made the most from non-casino EGM activity ($553 million), generated only $98 per adult. Proportionately, BC and Ontario generate the least revenue from EGM gambling. Ontario has no VLTs but does make $181 million from its slot machines located at race tracks. BC has neither VLTs nor race track slots but does operate electronic Club Keno in BC lounges (no profit estimates were provided by the BCLC for Club Keno activity).

Unlike EGMs, lotteries are available across Canada and are played with relatively consistent frequency in each area. Net revenue for lotteries in 1999/00 was $1,890 million or an average of $82.44 per adult. The more populous provinces make the most from lotteries at $732 million for Ontario, $480 million for Quebec, and $288 million for BC. On a per adult basis, lotteries are most popular in Newfoundland ($94.39) and BC ($93.88) and the least popular in Manitoba ($56.02).

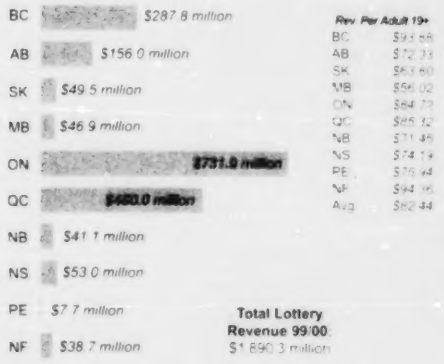
Permanent casinos are available in every province except New Brunswick, PEI and Newfoundland. Government net revenue from these casinos was $1,814 million in 1999/00. Ontario generated the most revenue from provincial casino activity at $985 million, more than all other provinces combined. Not surprisingly, Ontario also generates the most on a per adult basis ($114), more than the next highest levels in Alberta ($81) and BC ($79). Casino activity in Alberta is actually higher but the Alberta government only gets a portion of slot machine revenues from Alberta casinos, and table games are operated directly by Alberta charities.

Figure 2.1: EGM (non-casino) Gambling Revenue 99/00



Note: 1999/2000 Net Revenue after expenses, prizes, and commissions paid but before grants paid, as reported by Provincial Lottery Corporations. Totals do not include slot machines in Casinos, but do include slot machines in Ontario race tracks. Totals does not include Territories.

Figure 2.2: Provincial Lottery Revenue 99/00

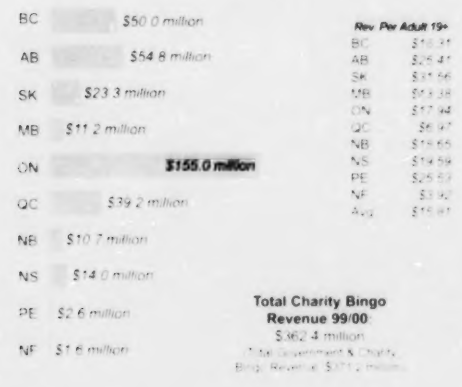


Note: 1999/2000 Net Revenue after expenses, prizes, and commissions paid but before grants paid, as reported by provincial lottery corporations. Total does not include YK, NWT and NU.

Figure 2.3: Government Casino Revenue 99/00

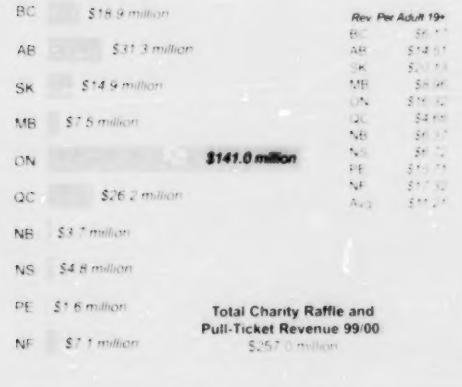
Note: 1999/2000 Net Revenue after expenses, prizes, and commissions paid but before grants paid, as reported by provincial gaming authorities. Excludes charity casino revenue of $10.2 million in BC, $76.7 million in AB, $80,000 in NB and $20,000 in NF. Total does not include YK, NWT and NU.

Figure 2.4: Charity Bingo Revenue 99/00



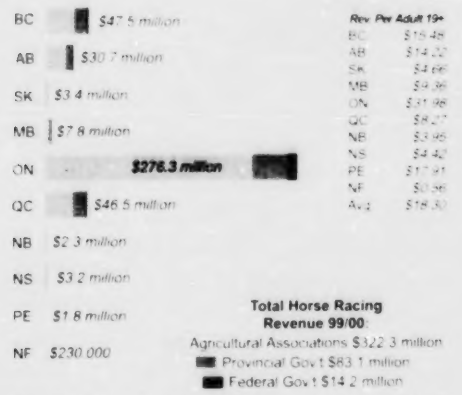
Note

Figure 2.5: Charity Raffle and Pull-ticket Revenue 99/00



Note

Figure 2.6: Horse Racing Gross Revenue 2000



Note As reported by Canadian Pari-Mutuel Association for the calendar year 2000. Government totals include both provincial taxes and provincial and federal levies. All figures are gross revenues and do not include operating expenses, commissions or purses.

All provinces and territories allow charities to operate bingo. In 1999/00 charitable bingo activity generated $360 million, an average of $16 per adult. As a result, bingo is the most profitable of the charitable gambling options in Canada. Ontario ($155 million), Alberta ($55 million) and BC ($50 million) charities make the most profit on their bingo activity. On a per adult basis however, it is charities in Saskatchewan ($32), PEI ($26) and Alberta ($25) that generate the most revenue. Bingo is not a popular activity in Quebec or Newfoundland; only $7 and $4 per adult are earned from bingo in these regions respectively.

With the expansion of gambling in Canada, national bingo activity has reportedly been in decline. However, because of a lack of historical record keeping by the provinces, this trend cannot be confirmed by the data. Rather, the introduction of satellite linked bingo into some regions appears to have kept charitable bingo revenues stable. This current data set is complete and will provide a better comparison point for future analysis.

Similarly, not a great deal is known about the history of charitable raffles and pull ticket activity as provinces have only recently begun to record this information. Sufficient data exist to determine that the 1999/2000 charitable revenues from pull ticket and raffle ticket gambling were $257 million, for an average of $11 per adult. Additionally, a number of smaller raffles take place that are not recorded in this total. Some form of raffle and pull ticket activity is available in every province and territory in Canada with the most popular regions being Saskatchewan ($20 per adult), Newfoundland ($17 per adult), and Ontario ($16 per adult). Once again, in total net revenue terms, Ontario charities took home over half ($141 million) of the total net revenue from these activities.

The final significant form of gambling is horse racing. Adult Canadians spend (gross profit) an average of $18.30 per year on horse racing activity (Figure 2.6). At $31.98, Ontario race tracks generate the most per adult revenue, nearly double any other province. All together, horse racing created $419 million in gross profit that was shared by the federal ($14 million) and provincial governments ($83 million) and the agricultural associations ($322 million) that operate race tracks (note: these figures do not include the cost of operations). Horse racing appears to have rebounded from the cannibalization of revenue that accompanied gambling expansion. Since 1997, gross revenues have grown 6.5%, from $393 million to $419 million.

3.0 CHARITABLE REVENUE

The roots of legalized gambling in Canada can be traced back over a hundred years to the first Criminal Code exemptions that permitted small scale gambling on behalf of charities. These charitable experiences with gambling would eventually lead to a Criminal Code amendment in 1969 that gave the provincial and federal governments the opportunity to use lotteries to fund worthwhile activities like the 1976 Olympics. Once this door opened, all provincial and territorial governments would eventually negotiate provisions that led to the introduction of a full spectrum of gambling options in Canada.

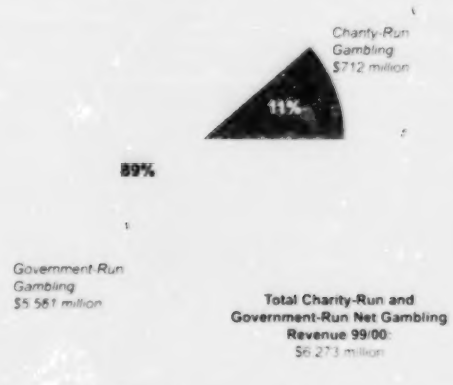
While government gambling has expanded it does not appear to have substantially reduced charitable revenues. As mentioned earlier, in previous years charitable gambling data were not kept nor reported, making a trend analysis both difficult and incomplete. However, estimates from Canada West's first gambling roadmap (Azmier and Smith, 1998) suggest charitable gambling revenue was $750 million. Current estimates for this study suggest that charitable gambling generated $712 million net profit in 1999/2000, a 5% reduction).

Combined with the $5.5 billion in net revenue made by the provinces, total net revenue from gambling in Canada was $6.273 million in 1999/00. As illustrated in Figure 3.1, charities generated about 11% of all gambling revenue and governments the remaining 89%. While it is not clear that the amount of revenue charities make from gambling has been substantially reduced, it is clear that the importance of charitable gambling in the overall gambling mix is decreasing. In recent years, significant policy developments (e.g., BC and Ontario replaced charitable casinos with government-run community casinos) reduced the proportion of revenue generated by charities and increased provincially-run gambling.

By a significant margin, Alberta charities have the greatest access to gambling opportunities and revenue. Alberta charities earned $163 million in 1999/00 or $75.48 per adult. Proportionately, Saskatchewan charities generated the next highest amount at $51.69 per adult ($38 million total). Alberta and Saskatchewan charities also benefit from high levels of gambling-related grants to charities (see Section 6).

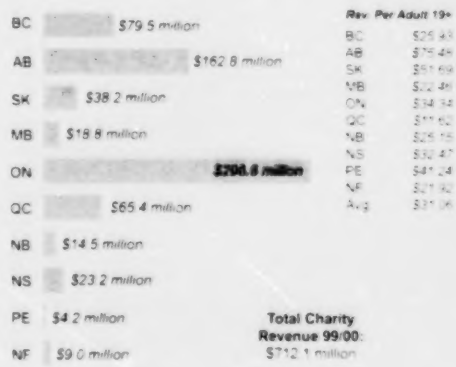
Figure 3.3 breaks down charitable gambling revenue by activity. Bingo is the most profitable gambling activity, generating 51% of revenue ($362 million), followed by raffles (19%, $133 million), break-open tickets (17%, $123 million), and charity casinos (12%, $87 million). Overall 34,461 licences were granted by the provinces to charities to operate gambling activities in 1999/00.

Figure 3.1: Total Net Gambling Revenue 99/00


Charity-Run Gambling $712 million
11%
89%
Government-Run Gambling $5 561 million
Total Charity-Run and Government-Run Net Gambling Revenue 99/00: $6 273 million

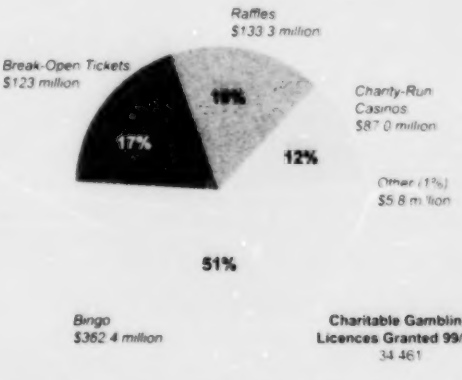
Note: Does not include horse racing revenues. Proportions do not include gambling revenue from government for gambling transferred to charities by grants.

Figure 3.2: Net Provincial Charitable Gambling Revenue 99/00



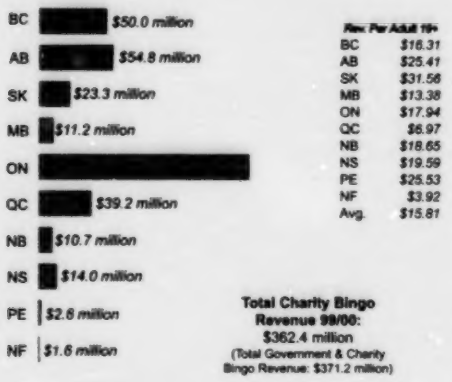
Note: 1999-2000 Net charity revenue after expenses, licensing fees, prizes, and commissions paid, as indicated by provincial gaming authorities. Does not include gambling revenue transferred to charities by grants.

Figure 3.3: Net Charitable Gambling Revenue 99/00



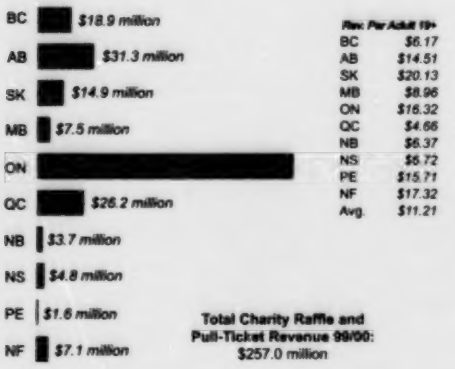
Note: 1999-2000 Net charity revenue after expenses, licensing fees, prizes, and commissions paid, as indicated by provincial gaming authorities. Does not include gambling revenue transferred to charities by grants.

Figure 2.4: Charity Bingo Revenue 99/00



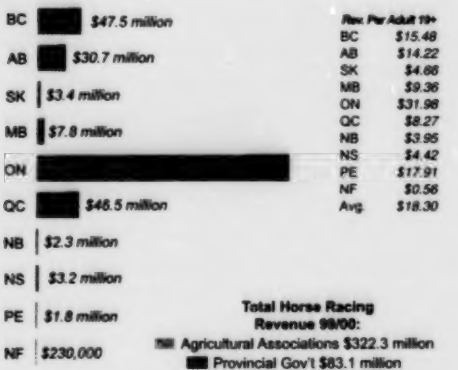
Note: 1999/2000 *Net charity revenue after expenses, prizes, and commissions paid, as indicated by provincial gaming authorities. Excludes government-run bingo in BC ($1.9 million), MB ($3.5 million), QC ($3.3 million), NB ($21,000) and NS ($100,000). Total does not include YK, NWT and NU.*

Figure 2.5: Charity Raffle and Pull-ticket Revenue 99/00



Note: 1999/2000 *Net charity revenue after expenses, prizes, and commissions paid. Combines break-open, pull-ticket and nevada ticket sales with larger raffles only (prizes >$10,000). Total does not include Territories.*

Figure 2.6: Horse Racing Gross Revenue 2000



Note: As reported by Canadian Pari-Mutuel Association for the calendar year 2000. Government totals include both provincial taxes and provincial and federal levies. All figures are gross revenues and do not include operating expenses, commissions or purses.

All provinces and territories allow charities to operate bingo. In 1999/00 charitable bingo activity generated $360 million, an average of $16 per adult. As a result, bingo is the most profitable of the charitable gambling options in Canada. Ontario ($155 million), Alberta ($55 million) and BC ($50 million) charities make the most profit on their bingo activity. On a per adult basis however, it is charities in Saskatchewan ($32), PEI ($26) and Alberta ($25) that generate the most revenue. Bingo is not a popular activity in Quebec or Newfoundland; only $7 and $4 per adult are earned from bingo in these regions respectively.

With the expansion of gambling in Canada, national bingo activity has reportedly been in decline. However, because of a lack of historical record keeping by the provinces, this trend cannot be confirmed by the data. Rather, the introduction of satellite linked bingo into some regions appears to have kept charitable bingo revenues stable. This current data set is complete and will provide a better comparison point for future analysis.

Similarly, not a great deal is known about the history of charitable raffles and pull ticket activity as provinces have only recently begun to record this information. Sufficient data exist to determine that the 1999/2000 charitable revenues from pull ticket and raffle ticket gambling were $257 million, for an average of $11 per adult. Additionally, a number of smaller raffles take place that are not recorded in this total. Some form of raffle and pull ticket activity is available in every province and territory in Canada with the most popular regions being Saskatchewan ($20 per adult), Newfoundland ($17 per adult), and Ontario ($16 per adult). Once again, in total net revenue terms, Ontario charities took home over half ($141 million) of the total net revenue from these activities.

The final significant form of gambling is horse racing. Adult Canadians spend (gross profit) an average of $18.30 per year on horse racing activity (Figure 2.6). At $31.98, Ontario race tracks generate the most per adult revenue, nearly double any other province. All together, horse racing created $419 million in gross profit that was shared by the federal ($14 million) and provincial governments ($83 million) and the agricultural associations ($322 million) that operate race tracks (note: these figures do not include the cost of operations). Horse racing appears to have rebounded from the cannibalization of revenue that accompanied gambling expansion. Since 1997, gross revenues have grown 6.5%, from $393 million to $419 million.

3.0 CHARITABLE REVENUE

The roots of legalized gambling in Canada can be traced back over a hundred years to the first Criminal Code exemptions that permitted small scale gambling on behalf of charities These charitable experiences with gambling would eventually lead to a Criminal Code amendment in 1969 that gave the provincial and federal governments the opportunity to use lotteries to fund worthwhile activities like the 1976 Olympics. Once this door opened, all provincial and territorial governments would eventually negotiate provisions that led to the introduction of a full spectrum of gambling options in Canada.

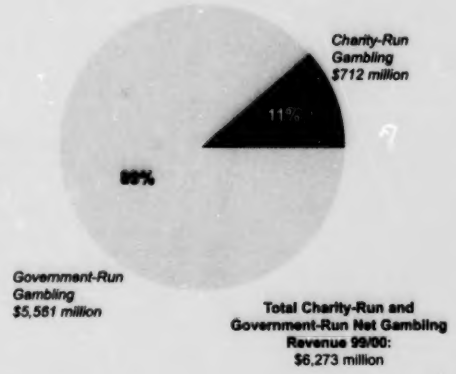
While government gambling has expanded it does not appear to have substantially reduced charitable revenues. As mentioned earlier, in previous years charitable gambling data were not kept nor reported, making a trend analysis both difficult and incomplete. However, estimates from Canada West's first gambling roadmap (Azmier and Smith, 1998) suggest charitable gambling revenue was $750 million. Current estimates for this study suggest that charitable gambling generated $712 million net profit in 1999/2000, a 5% reduction).

Combined with the $5.5 billion in net revenue made by the provinces, total net revenue from gambling in Canada was $6,273 million in 1999/00. As illustrated in Figure 3.1, charities generated about 11% of all gambling revenue and governments the remaining 89%. While it is not clear that the amount of revenue charities make from gambling has been substantially reduced, it is clear that the importance of charitable gambling in the overall gambling mix is decreasing. In recent years, significant policy developments (e.g., BC and Ontario replaced charitable casinos with government-run community casinos) reduced the proportion of revenue generated by charities and increased provincially-run gambling.

By a significant margin, Alberta charities have the greatest access to gambling opportunities and revenue. Alberta charities earned $163 million in 1999/00 or $75.48 per adult. Proportionately, Saskatchewan charities generated the next highest amount at $51.69 per adult ($38 million total). Alberta and Saskatchewan charities also benefit from high levels of gambling-related grants to charities (see Section 6).

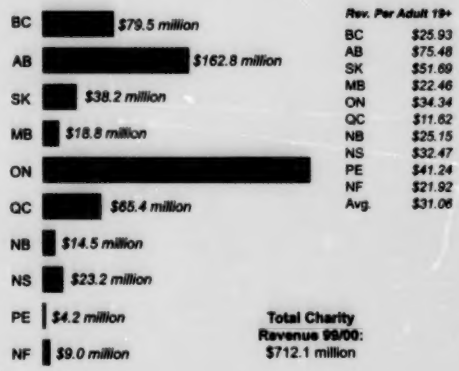
Figure 3.3 breaks down charitable gambling revenue by activity. Bingo is the most profitable gambling activity, generating 51% of revenue ($362 million), followed by raffles (19%, $133 million), break-open tickets (17%, $123 million), and charity casinos (12%, $87 million). Overall 34,461 licences were granted by the provinces to charities to operate gambling activities in 1999/00.

Figure 3.1: Total Net Gambling Revenue 99/00


Charity-Run Gambling $712 million
11%
89%
Government-Run Gambling $5,561 million
Total Charity-Run and Government-Run Net Gambling Revenue 99/00: $6,273 million

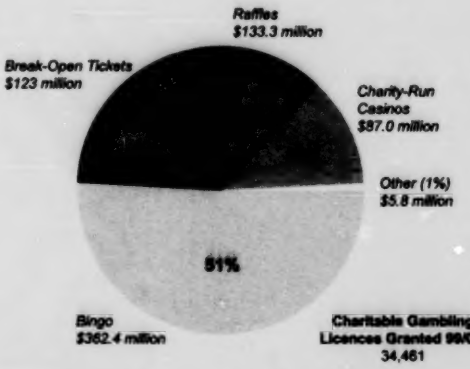
Note: *Does not include horse racing revenues. Proportions do not include gambling revenue from government-run gambling transferred to charities by grants.*

Figure 3.2: Net Provincial Charitable Gambling Revenue 99/00



Note: 1999/2000 *Net charity revenue after expenses, licensing fees, prizes, and commissions paid, as indicated by provincial gaming authorities. Does not include gambling revenue transferred to charities by grants.*

Figure 3.3: Net Charitable Gambling Revenue 99/00



Note: 1999/2000 *Net charity revenue after expenses, licensing fees, prizes, and commissions paid, as indicated by provincial gaming authorities. Does not include gambling revenue transferred to charities by grants.*

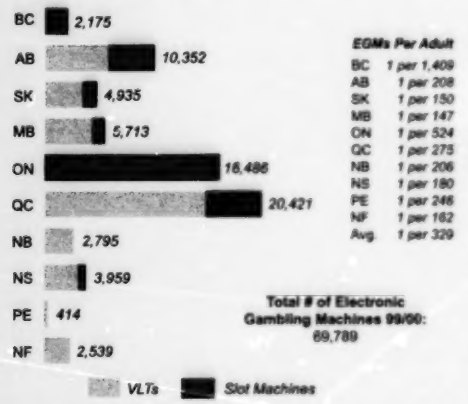
4.0 GAMBLING VENUES

Figure 4.1: Total 99/00 Gambling Venues by Game

Game	Number	# Per Adult 19+	Highest #
VLTs	38,252	1 per 600	15,221 (QC)
Slot Machines	31,537	727	16,486 (ON)
Bingo Assoc. Halls	1,880	12,196	585 (NS)
Permanent Casinos	59	388,626	19 (BC)
Lottery Ticket Centres	32,932	696	11,450 (QC)
Horse Race Tracks	70	327,557	19 (QC)
Teletheatres	107	214,289	32 (AB)
Race Track Slot Centres	20	1,146,448	14 (ON)

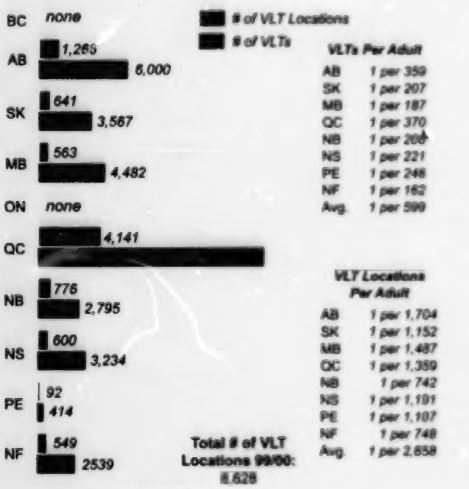
Note: Counts provided by provincial gaming authorities for 1999/2000 except AB (March 2001), all casinos (August 2001), and all slots at race tracks (August 2001). Charitable bingo association licences based on provincial estimates, totals for NS are from 98/99 and include 582 charitable bingo licenses and 3 commercial licenses. Permanent casino totals include those that operate 200+ days a year. Totals exclude YK, NWT and NU (except for the Dawson City casino).

Figure 4.2: Number of EGMs by Province 99/00



Note: All counts provided by provincial gaming authorities for 1999/2000 except AB (March 2001). Totals include slot machines in race tracks and casinos.

Figure 4.3: Number of VLTs by Province



Note: All counts provided by provincial gaming authorities for 1999/2000.

Combined, there are over 100,000 places to make a bet in Canada. Canadians and visitors can choose to gamble at 38,252 VLTs, 31,537 slot machines, 32,932 lottery ticket centres, 1,880 bingo hall permits, 59 permanent casinos, 70 race tracks (20 with slot machines) and 107 teletheatres. However, the availability and access to gambling across the country varies from province to province.

The number of venues in which to gamble provides an indicator of the exposure to gambling in a particular region. Those living in Quebec have the highest exposure to gambling. There are more VLTs (15,221), lottery ticket centres (11,450), and race tracks (19) than in any other region of Canada. In addition, Quebec has the second highest number of slot machines (5,200).

The most prolific form of gambling in Canada is EGMs. There is an average of 329 persons for every machine in Canada–a total of 69,789 EGMs (see Figure 4.2). On a per adult basis, the most machines can be found in Manitoba (1 EGM per 147 adults), Saskatchewan (1 per 150 adults), and Newfoundland (1 per 162 adults). Quebec, with over 20,000 machines, has the most EGMs but has fewer machines per adult (1 per 275 adults). The least saturated areas are those without VLTs; BC (1 for 1,409) and Ontario (1 for 524).

Considering only VLTs, there are two relevant measures of access: the number of machines and the number of venues. Of the 38,252 VLTs in Canada, 40% (15,211) are located in Quebec. There are also a total of 8,628 VLT locations of which 4,141 (48%) are found in Quebec. On a per adult basis, the greatest number of VLTs are found in Newfoundland, where there is 1 VLT for every 162 persons, followed by Manitoba (1 per 187 adults) and Saskatchewan (1 for 207 adults). The least number of VLTs are found in Ontario and BC (where there are none) and Quebec (1 for 370) and Alberta (1 per 359). Overall, there are 599 Canadians for each VLT. Also, a number of provinces (AB, NB, NS, SK, MB) have capped the number of VLTs in their provinces, limiting the expansion of this form of gambling.

Per adult, the most VLT *locations* are available in New Brunswick (1 VLT location per 742 adults) and Newfoundland (1 per 748 adults), and the least number are found in Ontario and BC (where there are no VLTs) and Alberta (1 VLT per 1,704 adults). Alberta is unique in that it has both fewer locations and VLTs but generates significantly more VLT revenue than other jurisdictions. The machines in Alberta are played at a significantly higher rate than elsewhere in Canada.

A broad range of gambling activity is available in every region of Canada. Weekly lotteries, scratch tickets, bingo, break-open tickets and raffles can be played in every province and territory. However, as illustrated in Figure 4.4, other games, such as casinos, slots, VLTs, and horse racing are only available in selected provinces. The three prairie provinces offer the broadest range of gambling activity. As a result of new expansion announcements, these provinces have now approved most of the main forms of gambling. Alberta and Manitoba are preparing to introduce First Nations on-reserve casinos and Alberta is also initiating a new sports-based lottery for the NHL. The only major gambling activity missing in this region is linked bingo activity in Manitoba.

Areas with less gambling options include New Brunswick, PEI, Nunavut and the NWT. Notably, these regions do not have casinos, slots, linked bingo and electronic gambling at race tracks. Ontario, BC and the territories are also notable for the absence of VLTs.

As of August 2001, there are 59 permanent casinos in operation in Canada, with 10 more casinos having received approval and currently under development. Figure 4.5 maps the location of these casinos in Canada. Alberta and BC host the most casinos at 16 and 19 respectively. However, these are smaller community-based casinos (BC) or charity-run casinos (Alberta). The larger "destination-style" casinos are located in regions with relatively fewer casinos: Ontario (9), Saskatchewan (7), Quebec (3), Nova Scotia (2) and Manitoba (2).

Gambling activity in Canada employs an estimated 47,500 persons as either regulators or operators for government or gaming management companies. Due to gambling expansion, gambling-related jobs now make up over one-quarter of all amusement and recreation-based jobs reported in the Statistics Canada Labour Force Survey (Bowlby, 2001). The highest level of gambling-related employment occurs in Ontario, where 17,072 positions are involved with gambling activity.

Figure 4.4: Games Available by Province

Type of Gambling	BC	AB	SK	MB	ON	QC	NB	NS	PE	NF	YK	NWT/NU
Lotteries (Gov't & Charity)	●	●	●	●	●	●	●	●	●	●	●	●
Scratch Tickets	●	●	●	●	●	●	●	●	●	●	●	●
Raffles	●	●	●	●	●	●	●	●	●	●	●	●
Break-open Tickets	●	●	●	●	●	●	●	●	●	●	●	●
Sports Tickets	●	●	●	●	●	●	●	●	●	●	●	●
Charitable Bingo	●	●	●	●	●	●	●	●	●	●	●	●
Linked (satellite) Bingo	●	●	●		●	●				●		
Casinos	●	●	●	●	●	●		●			1	
Slot Machines	●	●	●	●	●	●		●			1	
VLTs		●	●	●		●	●	●	●	●		
EGMs in Race Tracks		●	●	●	●	●						
Horse Racing	●	●	●	●	●	●	●	●	●	●		
First Nations Agreements	●	●	●	●	●	2	●	●				
Sports Games/Lottery		3								●		●

Note: *1. Seasonal casinn in Dawson City (May-Sept full-time, weekends year-round). 2. Quebec has signed an agreement with only one First Nation. 3. Alberta has announced a NHL sports lottery.*

Figure 4.5: Location of Current Gambling Venues in Canada

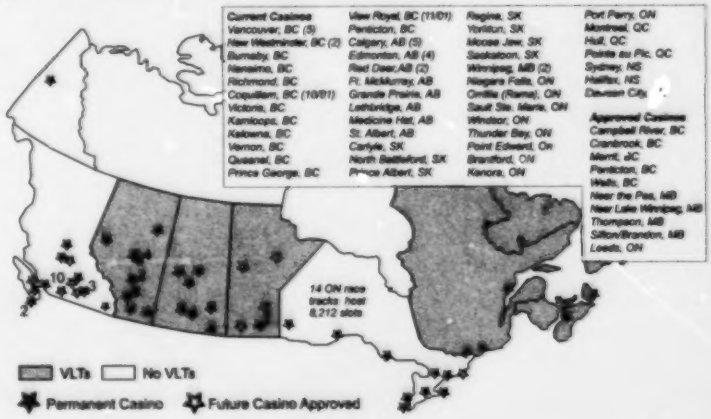
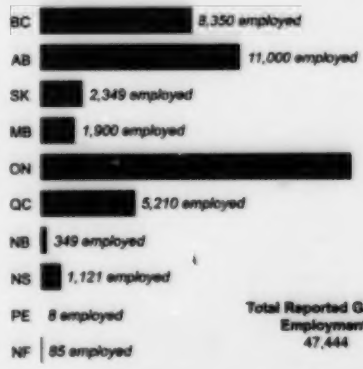


Figure 4.6: Reported Gambling Employment by Province



Note: *As reported by provincial gaming authorities. Actual employee counts provided by QC (Loto-Quebec only), NB (ALC employees), ON (OGLC and Casino employees),and MB (MLC employees). SK and NS employee counts as registered with provincial gaming inspection agencies. AB (KPMG, 1998) and BC (BCLC) totals are estimates only. Statistics Canada reported total gaming employment as 42,000 in 2000 (Marshall, 2001).*

4.0 GAMBLING VENUES

Figure 4.1: Total [illegible] Gambling Venues by Game

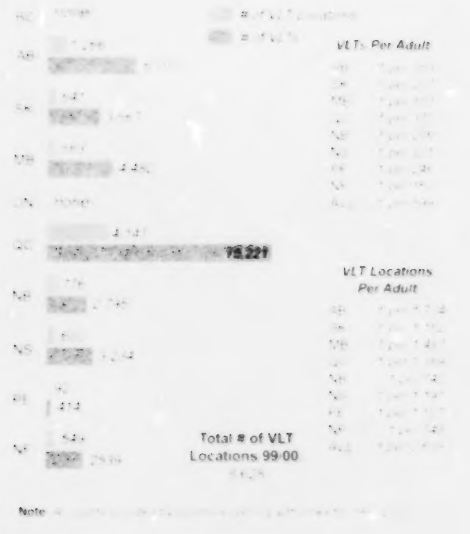
Game	Number	# Per Adult 19+	Highest #
VLTs	38,252	[illegible]	15,221 QC
Slot Machines	31,537	[illegible]	[illegible] ON
Bingo Hall Permits	1,880	[illegible]	[illegible] NS
Permanent Casinos	59	[illegible]	[illegible] BC
Lotto Ticket Centres	32,932	[illegible]	11,450 QC
Horse Race Tracks	70	[illegible]	[illegible] QC
Teletheatres	107	[illegible]	[illegible] AB
Race Track Slot Casinos	20	[illegible]	[illegible] ON

Note: [illegible]

Figure 4.2: Number of EGMs by Province [illegible]

Note: [illegible]

Figure 4.3: Number of VLTs by Province



Note: [illegible]

Combined, there are over 100,000 places to make a bet in Canada. Canadians and visitors can choose to gamble at 38,252 VLTs, 31,537 slot machines, 32,932 lottery ticket centres, 1,880 bingo hall permits, 59 permanent casinos, 70 race tracks (20 with slot machines) and 107 teletheatres. However, the availability and access to gambling across the country varies from province to province.

The number of venues in which to gamble provides an indicator of the exposure to gambling in a particular region. Those living in Quebec have the highest exposure to gambling. There are more VLTs (15,221), lottery ticket centres (11,450), and race tracks (19) than in any other region of Canada. In addition, Quebec has the second highest number of slot machines (5,200).

The most prolific form of gambling in Canada is EGMs. There is an average of 329 persons for every machine in Canada–a total of 69,789 EGMs (see Figure 4.2). On a per adult basis, the most machines can be found in Manitoba (1 EGM per 147 adults), Saskatchewan (1 per 150 adults), and Newfoundland (1 per 162 adults). Quebec, with over 20,000 machines, has the most EGMs but has fewer machines per adult (1 per 275 adults). The least saturated areas are those without VLTs, BC (1 for 1,409) and Ontario (1 for 524).

Considering only VLTs, there are two relevant measures of access: the number of machines and the number of venues. Of the 38,252 VLTs in Canada, 40% (15,211) are located in Quebec. There are also a total of 8,628 VLT locations of which 4,141 (48%) are found in Quebec. On a per adult basis, the greatest number of VLTs are found in Newfoundland, where there is 1 VLT for every 162 persons, followed by Manitoba (1 per 187 adults) and Saskatchewan (1 for 207 adults). The least number of VLTs are found in Ontario and BC (where there are none) and Quebec (1 for 370) and Alberta (1 per 359). Overall, there are 599 Canadians for each VLT. Also, a number of provinces (AB, NB, NS, SK, MB) have capped the number of VLTs in their provinces, limiting the expansion of this form of gambling.

Per adult, the most VLT *locations* are available in New Brunswick (1 VLT location per 742 adults) and Newfoundland (1 per 748 adults), and the least number are found in Ontario and BC (where there are no VLTs) and Alberta (1 VLT per 1,704 adults). Alberta is unique in that it has both fewer locations and VLTs but generates significantly more VLT revenue than other jurisdictions. The machines in Alberta are played at a significantly higher rate than elsewhere in Canada.

A broad range of gambling activity is available in every region of Canada. Weekly lotteries, scratch tickets, bingo, break-open tickets and raffles can be played in every province and territory. However, as illustrated in Figure 4.4, other games, such as casinos, slots, VLTs, and horse racing are only available in selected provinces. The three prairie provinces offer the broadest range of gambling activity. As a result of new expansion announcements, these provinces have now approved most of the main forms of gambling. Alberta and Manitoba are preparing to introduce First Nations on-reserve casinos and Alberta is also initiating a new sports-based lottery for the NHL. The only major gambling activity missing in this region is linked bingo activity in Manitoba.

Areas with less gambling options include New Brunswick, PEI, Nunavut and the NWT. Notably, these regions do not have casinos, slots, linked bingo and electronic gambling at race tracks. Ontario, BC and the territories are also notable for the absence of VLTs.

As of August 2001, there are 59 permanent casinos in operation in Canada, with 10 more casinos having received approval and currently under development. Figure 4.5 maps the location of these casinos in Canada. Alberta and BC host the most casinos at 16 and 19 respectively. However, these are smaller community-based casinos (BC) or charity-run casinos (Alberta). The larger "destination-style" casinos are located in regions with relatively fewer casinos: Ontario (9), Saskatchewan (7), Quebec (3), Nova Scotia (2) and Manitoba (2).

Gambling activity in Canada employs an estimated 47,500 persons as either regulators or operators for government or gaming management companies. Due to gambling expansion, gambling-related jobs now make up over one-quarter of all amusement and recreation-based jobs reported in the Statistics Canada Labour Force Survey (Bowlby, 2001). The highest level of gambling-related employment occurs in Ontario, where 17,072 positions are involved with gambling activity.

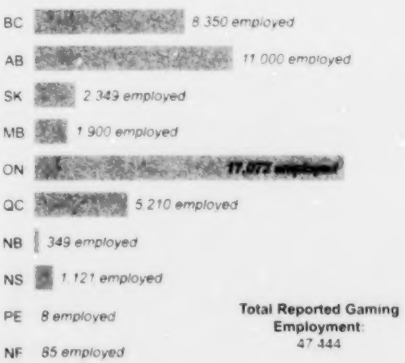
Figure 4.4: Games Available by Province

Type of Gambling	BC	AB	SK	MB	ON	QC	NB	NS	PE	NF	YK	NWT/NU
Lotteries (Gov't & Charity)	●	●	●	●	●	●	●	●	●	●	●	●
Scratch Tickets	●	●	●	●	●	●	●	●	●	●	●	●
Raffles	●	●	●	●	●	●	●	●	●	●	●	●
Break-open Tickets	●	●	●	●	●	●	●	●	●	●	●	●
Sports Tickets	●	●	●	●	●	●	●	●	●	●	●	●
Charitable Bingo	●	●	●	●	●	●	●	●	●	●	●	●
Linked (satellite) Bingo	●	●	●		●	●				●		
Casinos	●	●	●	●	●	●		●			1	
Slot Machines	●	●	●	●	●	●		●			1	
VLTs		●	●	●		●	●	●	●	●		
EGMs in Race Tracks		●	●	●	●	●						
Horse Racing	●	●	●	●	●	●	●	●	●	●		
First Nations Agreements	●	●	●	●	●	2	●	●				
Sports Games/Lottery		3								●		●

Note: 1. Seasonal casino in Dawson City (May-Sept full-time, weekends year-round). 2. Quebec has signed an agreement with only one First Nation. 3. Alberta has announced a NHL sports lottery.

Figure 4.5: Location of Current Gambling Venues in Canada

Figure 4.6: Reported Gambling Employment by Province

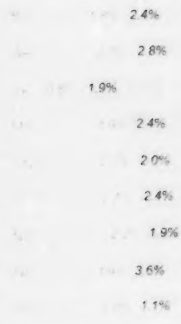


Note: As reported by provincial gaming authorities. Actual employee counts provided by QC (Loto-Quebec only), NB (ALC employees), ON (OGLC and Casino employees) and MB (MLC employees). SK and NS employee counts as registered with provincial gaming inspection agencies. AB (KPMG, 1998) and BC (BCLC) totals are estimates only. Statistics Canada reported total gaming employment as 42,000 in 2000 (Marshall, 2001).

5.0 PROBLEM GAMBLING

With our currently limited knowledge base of problem gambling in Canada it is not possible to say with certainty what current problem gambling rates are or how they differ among regions. There has been no national study of problem gambling and the comparison of provincial problem gambling surveys is complicated by significant methodological discrepancies. Different studies measure various years, use different measurement instruments, and are based on inconsistent sample sizes. The utility of these studies is further compromised by the continuous expansion of gambling over the last five years. Most of these provincial surveys were done before the impact of gambling expansion could be measured. Keeping these flaws in mind, the most recent province-wide problem gambling prevalence estimates from each province are presented in Table 5.1.

Figure 5.1

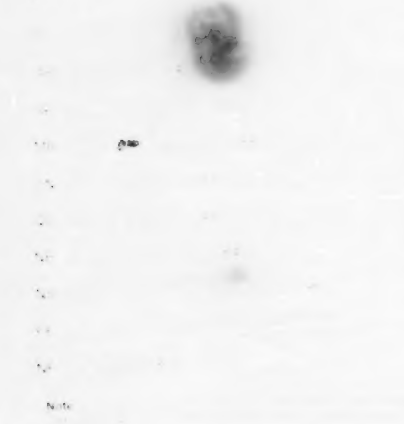


Extrapolating from these studies, it can be loosely estimated that problem gambling prevalence rates in Canada ranged from 3-5% of the adult population in the mid 1990s. This findings suggest that there were, at that time, approximately 640,000-1,000,000 adult Canadians experiencing multiple problems with their level of gambling. Within this group of "problem gamblers" was a sub group of individuals whose problems are so severe they can be classified as "probable pathological gamblers". Our understanding of problem gambling in Canada will be increased by an interprovincial co-operative effort in the last two years to develop a standardized instrument for measuring problem gambling. A number of studies are underway using this new methodology.

Figure 5.2

All provincial governments fund prevention and treatment services to deal with the consequences of problem gambling. Figure 5.2 details the annual problem gambling expenditure in each province for 2000/01. Combined, the provinces spent over $28 million on programs in 1999, or about $1.20 for every adult Canadian, more than twice the 1997 total of $14.5 million. Funding will increase again for 2001-2002 as provinces have made commitments that treatment spending will increase to at least $44 million.

Figure 5.3



Provincially, Ontario ($10 million) and Quebec ($6.5 million) provide the most money for treatment (figure 5.2). On a per adult basis, however, Nova Scotia ($2.38), Saskatchewan ($2.03) and Manitoba ($1.91) lead the way. For the nation as a whole, these expenditures are insignificant compared to the money made from gambling. No province except PEI (1.2%) spends more than 1% of its gambling profit for treatment, research, education and public awareness (Figure 5.3).

6.0 GAMBLING SPENDING

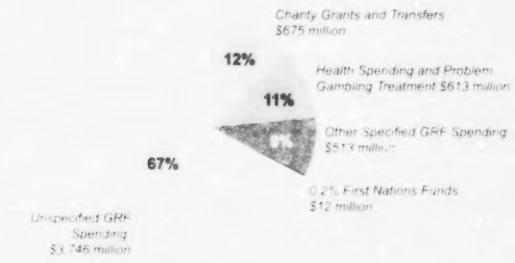
With revenue of $5.5 billion, gambling profits go a long way in the funding of day-to-day government operations. Gambling revenue supports provincial infrastructure, debt repayment, funds health care, education and social services, supplies grants to charities and funds treatment of gambling addiction. Yet, most of this spending activity remains unspecified. As illustrated in Figure 6.2, two-thirds of gambling revenue goes into the various provincial consolidated revenue funds (GRF) to be used at the governments' discretion. What happens to gambling revenue is mostly unknown. For the one-third of gambling-related spending that is reported, $613 million is spent on health care, $675 million on charity and community initiatives, and the remainder on various other specified initiatives (see Figure 6.1 and accompanying table).

A majority of transfers to charitable agencies come from Alberta ($347 million), BC ($163 million), Ontario ($93 million) and Saskatchewan ($34 million) (see Figure 6.2). Through community grant programs, charities in these provinces can apply to receive portions of the government gambling proceeds. In the case of BC and Ontario, these revenues are designed to offset the losses from policy changes that reduced revenues to charities from direct charitable gambling. Nationally, 14,400 charities shared in the distribution of $675 million in 1999/00. Adding this total to the $712 million that charity gambling provides to the sector, gambling has a combined $1.4 billion revenue impact on the charitable sector.

There are large differences among the ways that provinces report their gambling spending. Alberta, for example, changed its reporting last year to account for the spending of every dollar of gambling through its revenue fund. Over time, changes in any one area of funding can be monitored and governments held accountable for any reductions in spending levels. As a contrasting example, nearly all revenue in Quebec is transferred to the Ministry of Finance as a dividend from Loto-Quebec without detailed accounting.

Given the regressive nature of gambling tax revenue and the public tension over the appropriateness of current gambling policy, the absence of provincial accountability for the spending of gambling dollars is noteworthy. An important historical justification for the use of gambling revenue to help fund government was to allow for the development of projects that fund the public good. Under the current structure in most provinces, there is no system of checks and balances to monitor the provinces' commitment to these principles.

Figure 6.1: Gambling Revenue Allocation 99/00



Prov.	Allocation	Details
BC ($532 m total net revenue)	$21 m	
	$55 m	
	$144 m	Health Special Account
	$87 m	
	$.2 m	
	$21 m	
AB ($856 m)	$113 m	
	$58 m	
	$292 m	
	$105 m	
	$ 242 m	
SK ($254 m)	$11 m	
	$8 m	
	$26 m	
	$15 m	
MB ($236 m)	$14 m	
	$1.6 m	
	$3.9 m	
ON ($1,974 m)	$81 m	
	$395 m	
	$12 m	
	$10 m	
QC ($1,328 m)	$1,251 m	
	$18 m	
	$18 m	
NB ($87 m)	$11.2 m	
NS ($176 m)	$4.2 m	
	$1.6 m	
	$0.9 m	
PE & NF		

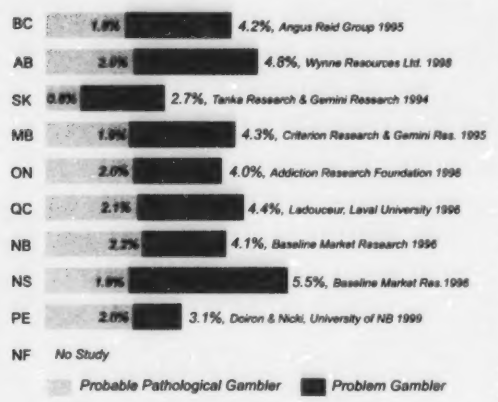
Note: *Data only represents revenue allocations as listed in government publications or as provided by provincial gaming authorities. All provinces (except AB) distribute unallocated net gambling revenue as part of general government spending. ON figures do not include First Nations revenues. All net revenues figures do not include prizes or gaming commissions and expenses. GRF=General Revenue Fund or consolidated fund of the province.*

Figure 6.2: Provincial Charity Gambling Grants 99/00

Note: *Only includes grants as reported by Provincial Gaming Authorities as gambling-related charitable spending. For all provinces, grant to charities out of GRF contributions indirectly related to gambling revenue are not included. In AB, the Lottery Fund now distributes all gambling revenue as grants. As a result AB community grant disbursements went from $183.3 m (98/99) to $863.1 (99/00). AB data (99/00 $347.4 m) in this figure excludes 'grants' for infrastructure, health care, debt repayment and gambling administration. For comparison purposes the 98/99 grants for Alberta are also indicated.*

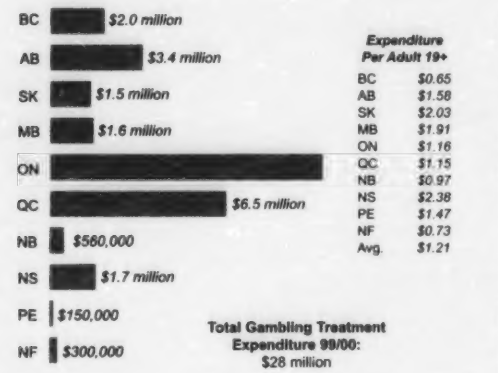
5.0 PROBLEM GAMBLING

Figure 5.1: Estimated Problem Gambling Rates


BC 1.9% 4.2%, Angus Reid Group 1995
AB 2.8% 4.8%, Wynne Resources Ltd. 1998
SK 0.8% 2.7%, Tanka Research & Gemini Research 1994
MB 1.9% 4.3%, Criterion Research & Gemini Res. 1995
ON 2.0% 4.0%, Addiction Research Foundation 1996
QC 2.1% 4.4%, Ladouceur, Laval University 1996
NB 2.2% 4.1%, Baseline Market Research 1996
NS 1.9% 5.5%, Baseline Market Res.1996
PE 2.0% 3.1%, Doiron & Nicki, University of NB 1999
NF No Study
Probable Pathological Gambler
Problem Gambler

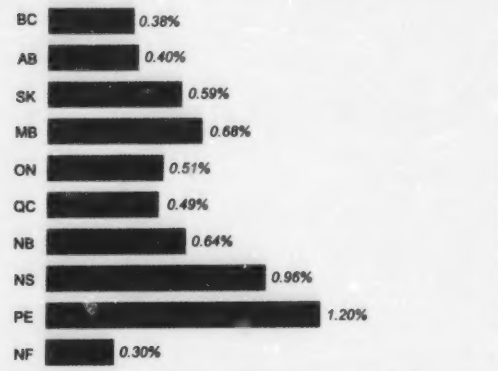
Note: *All data illustrative only and not directly comparable because of different surveys and methodologies used. Most recent published data only.*

Figure 5.2: Provincial Treatment Expenditure



Note: *Estimates of expenditure as provided by provincial gaming authorities. Provincial departments of health may also absorb some cost of treatment not reflected in these totals. Per adult calculation provided for consistency. Although some provincial gambling expenditure targeted to youth and children. Totals do not include YK, NWT and NU. Based on provincial announcements. 2000/2001 expenditures expected to increase to over $44 million.*

Figure 5.3: Treatment Spending as a % of Net Gambling Rev.



Note: *Estimates of expenditure as provided by provincial gaming authorities, 1999/2000. Net revenue after expenses, prizes, commissions and before grants paid as reported by provincial gaming authorities. Does not include any charitable gambling revenue or horse racing revenue. Provincial departments of health may also absorb some cost of treatment not reflected in these totals.*

With our currently limited knowledge base of problem gambling in Canada, it is not possible to say with certainty what current problem gambling rates are, or how they differ among regions. There has been no national study of problem gambling and the comparison of provincial problem gambling surveys is complicated by significant methodological discrepancies. Different studies measure various years, use different measurement instruments, and are based on inconsistent sample sizes. The utility of these studies is further compromised by the continuous expansion of gambling over the last five years. Most of these provincial surveys were done before the impact of gambling expansion could be measured. Keeping these flaws in mind, the most recent province-wide problem gambling prevalence studies from each province are presented in Table 5.1.

Extrapolating from these studies, it can be loosely estimated that problem gambling prevalence rates in Canada ranged from 3-5% of the adult population in the mid 1990s. This findings suggest that there were, at that time, approximately 640,000-1,000,000 adult Canadians experiencing multiple problems with their level of gambling. Within this group of "problem gamblers" was a sub group of individuals whose problems are so severe they can be classified as "probable pathological gamblers." Our understanding of problem gambling in Canada will be increased by an interprovincial co-operative effort in the last two years to develop a standardized instrument for measuring problem gambling. A number of studies are underway using this new methodology.

All provincial governments fund prevention and treatment services to deal with the consequences of problem gambling. Figure 5.2 details the annual problem gambling expenditure in each province for 1999/00. Combined, the provinces spent over $28 million on programs in 1999, or about $1.20 for every adult Canadian, more than twice the 1997 total of $14.5 million. Funding will increase again for 2001/2002 as provinces have made commitments that treatment spending will increase to at least $44 million.

Provincially, Ontario ($10 million) and Quebec ($6.5 million) provide the most money for treatment (Figure 5.2). On a per adult basis, however, Nova Scotia ($2.38), Saskatchewan ($2.03) and Manitoba ($1.91) lead the way. For the nation as a whole, these expenditures are insignificant compared to the money made from gambling. No province except PEI (1.2%) spends more than 1% of its gambling profit for treatment, research, education and public awareness (Figure 5.3).

6.0 GAMBLING SPENDING

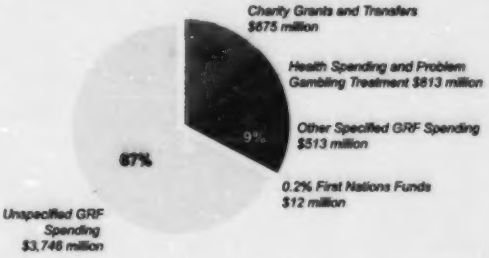
With revenue of $5.5 billion, gambling profits go a long way in the funding of day-to-day government operations. Gambling revenue supports provincial infrastructure, debt repayment, funds health care, education and social services, supplies grants to charities and funds treatment of gambling addiction. Yet, most of this spending activity remains unspecified. As illustrated in Figure 6.2, two-thirds of gambling revenue goes into the various provincial consolidated revenue funds (GRF) to be used at the governments' discretion. What happens to gambling revenue is mostly unknown. For the one-third of gambling-related spending that is reported, $613 million is spent on health care, $675 million on charity and community initiatives, and the remainder on various other specified initiatives (see Figure 6.1 and accompanying table).

A majority of transfers to charitable agencies come from Alberta ($347 million), BC ($163 million), Ontario ($93 million) and Saskatchewan ($34 million) (see Figure 6.2). Through community grant programs, charities in these provinces can apply to receive portions of the government gambling proceeds. In the case of BC and Ontario, these revenues are designed to offset the losses from policy changes that reduced revenues to charities from direct charitable gambling. Nationally, 14,400 charities shared in the distribution of $675 million in 1999/00. Adding this total to the $712 million that charity gambling provides to the sector, gambling has a combined $1.4 billion revenue impact on the charitable sector.

There are large differences among the ways that provinces report their gambling spending. Alberta, for example, changed its reporting last year to account for the spending of every dollar of gambling through its revenue fund. Over time, changes in any one area of funding can be monitored and governments held accountable for any reductions in spending levels. As a contrasting example, nearly all revenue in Quebec is transferred to the Ministry of Finance as a dividend from Loto-Quebec without detailed accounting.

Given the regressive nature of gambling tax revenue and the public tension over the appropriateness of current gambling policy, the absence of provincial accountability for the spending of gambling dollars is noteworthy. An important historical justification for the use of gambling revenue to help fund government was to allow for the development of projects that fund the public good. Under the current structure in most provinces, there is no system of checks and balances to monitor the provinces' commitment to these principles.

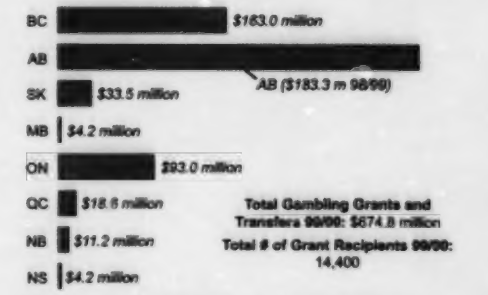
Figure 6.1: Gambling Revenue Allocation 99/00



Prov.	Allocation	Details
BC ($532 m total net revenue)	$21 m	*To top up charitable bingo revenue to 1998 levels*
	$55 m	*Direct access to 2,105 charitable organizations*
	$144 m	*Health Special Account*
	$87 m	*Charitable and religious organizations*
	$ 2 m	*Provincial problem gambling program*
	$21 m	*Municipalities*
AB ($856 m)	$113 m	*Debt repayment*
	$58 m	*Health and Wellness*
	$292 m	*Infrastructure*
	$105 m	*Gaming grants to communities and charities*
	$ 242 m	*Various government and community programs*
SK ($254 m)	$11 m	*First Nations Fund*
	$8 m	*Associated Entities Fund (community programs)*
	$26 m	*Sask Lotteries grants to communities and charities*
	$15 m	*Casino gambling contribution to the GRF*
MB ($236 m)	$14 m	*Municipal VLT funding from GRF*
	$1.6 m	*Addictions Foundation Manitoba*
	$3.9 m	*Various charitable organizations*
ON ($1,974 m)	$81 m	*Trillium Foundation grants*
	$395 m	*Operations of hospitals*
	$12 m	*Charity allocations from Superstar Bingo*
	$10 m	*Problem gambling funding*
QC ($1,328 m)	$1,251 m	*Dividend to Ministry of Finance*
	$18 m	*Distributions to non-profit organizations*
	$18 m	*Distributions to other government entities*
NB ($87 m)	$11.2 m	*Arts, sports and environment trust funds*
NS ($176 m)	$4.2 m	*Charitable VLT retailers*
	$1.6 m	*Casino First Nations Agreement*
	$0.9 m	*Problem gambling initiatives (matched by NSGC)*
PE & NF		*All revenue distributed through GRF*

Note: *List only represents revenue allocations as listed in government publications or as provided by provincial gaming authorities. All provinces (except AB) distribute unaccounted for gambling revenue as part of general government spending. ON figures do not include First Nations revenues. All net revenues figures do not include prizes or winning, commissions and expenses. GRF=General Revenue Fund or consolidated fund of the province.*

Figure 6.2: Provincial Charity Gambling Grants 99/00



Note: *Only includes grants as reported by Provincial Gaming Authorities as gambling-related charitable spending. For all provinces, grant to charities out of GRF contributions indirectly related to gambling revenue are not included. In AB, the Lottery Fund now distributes all gambling revenue as grants. As a result, AB community grant disbursements went from $183.3 m (98/99) to $363.7 (99/00). AB data (99/00-$347.4 m) in this figure excludes "grants" for infrastructure, health care, debt repayment and gambling administration. For comparison purposes the 98/99 grants for Alberta are also indicated.*

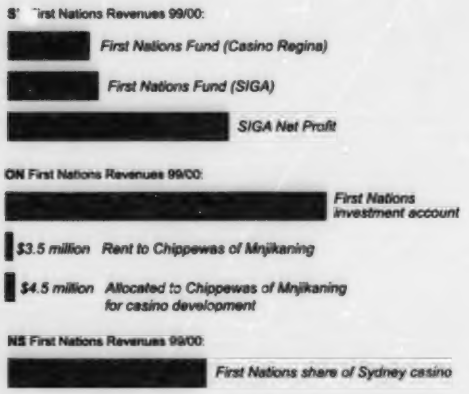
7.0 FIRST NATIONS GAMBLING POLICY

Figure 7.1: Current First Nations (FN) On-Reserve Gambling

Prov.	Provincial Lotteries	FN Charity Gaming	Provincial VLTs	Current FN Casino	Future FN Casino
BC	●	●			●
AB	●	●	1		●
SK	●	●	2	●	
MB	●	●	●		●
ON	●	●		●	
QC	●	●	●		
NB	●	●	●		
NS	●	●	●		
PE	●	●			
NF	●	●			

Note: *1. AB First Nations are permitted to operate VLTs, but provincial VLT policy only allows VLTs in liquor licensed establishments. No AB First Nations have licensed facilities. 2. Saskatchewan First Nations are permitted to operate VLTs, but the Federation of Saskatchewan Indian Nations are not pursuing VLTs. For more information see Kelley, 2001.*

Figure 7.2: First Nations Gambling Revenue


SK First Nations Revenues 99/00:
First Nations Fund (Casino Regina)
First Nations Fund (SIGA)
SIGA Net Profit
ON First Nations Revenues 99/00:
First Nations investment account
$3.5 million Rent to Chippewas of Mnjikaning
$4.5 million Allocated to Chippewas of Mnjikaning for casino development
NS First Nations Revenues 99/00:
First Nations share of Sydney casino

Total First Nations Gambling Revenue 99/00:
$174 million

Note: *Figures do not include commissions paid to First Nations ticket centres or VLT operators, charitable gambling revenues from bingo, raffles, and charity casinos. Two Ontario First Nations Charity Casinos (Great Blue Heron & Golden Eagle) were also excluded from totals. Payments to Chippewas of Mnjikaning (operators of Casino Rama) do not reflect inflation adjustments. Ontario Casino Rama transfers to the First Nations investment account to be distributed according to revenue sharing agreement.*

As gambling in Canada is regulated at the provincial level, there exist many unique policy approaches to First Nations gambling. Policies that address on-reserve gambling have been developed or are undergoing development in most provinces. Those provinces without such policies (PEI and Newfoundland), do not have many First Nation reserves within their province.

As illustrated in Figure 7.1, First Nations in every province are active participants in most forms of charitable gambling, such as bingo, raffles, and pull-tickets. Access to these games is available through the same routes as charities, or through individual agreements between First Nations and provinces authorizing particular on-reserve charitable gambling events. First Nations in some provinces have been given the authority to issue their own licenses for charitable gambling on their reserve, provided that they have signed a gambling agreement with the province and the events meet existing provincial regulations.

Similarly, in provinces offering VLTs, a number of First Nations have licenses to operate a limited number of on-reserve VLTs if they abide by provincial regulations with regards to VLT placement and location. If VLTs must be located in a licensed establishment, which is the case in Alberta and Manitoba, this can be an obstacle for "dry" First Nation reserves. To work around this problem, the Manitoba government permits VLTs on-reserve so long as they are located in adult-only establishments. (In Alberta, no VLTs are located on reserves.)

First Nations casino policy is a new and emerging area of on-reserve gambling in Canada. Currently, only Saskatchewan and Ontario have operating casinos on First Nations reserves but there are on-reserve casino developments underway in BC and Manitoba. Alberta has also announced a First Nations gaming policy allowing for casinos–an indication that an on-reserve casino will soon be announced.

Taken together, First Nations benefited from $174 million of revenue from gambling. Saskatchewan First Nations shared $24 million from the operation of Casino Regina and the four SIGA casinos, and Ontario First Nations shared $150 million from the operation of Casino Rama. Nova Scotia First Nations that have signed an agreement with the province benefit from a $1.6 million transfer from the Sydney casino. Additionally, First Nations receive the commissions of VLTs and lottery sales on reserves and the proceeds of any on-reserve charitable gambling. The size of these values is unknown and not reported in any document.

8.0 GAMBLING PARTICIPATION

The only national study of gambling behaviour and attitudes was conducted by Canada West in July 1999. The next two sections of this report are based on that survey. (For more detail see Azmier, 2000.)

The most popular forms of gambling in Canada (in terms of participation rate) are presented in Figure 8.1. Lotteries are the most popular activity; one half of Canadians have played a lottery in the last year, followed by scratch tickets (42%) and raffles (32%). The least popular forms of gambling are sports tickets (3%), and horse racing (4%).

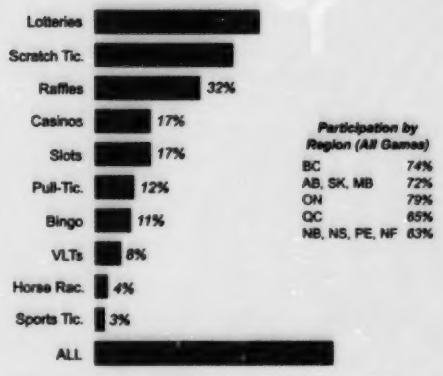
Neither of the significant revenue generators, casinos and VLTs, are widely played by respondents. Only 17% played casinos and 8% played VLTs in the 12 months prior to the survey. *The gambling revenue derived from these activities comes from a small portion of the population.*

Some Canadians gamble quite regularly at their favourite games (Figure 8.2). Nearly one-third (30%) of gamblers are "regular gamblers" at a particular game, playing that game at least once a week. Among weekly players, lotteries are the most popular, with 45% of lottery players indicating they gamble at least once a week. Other popular regular gambling activities include sports tickets (29%), scratch tickets (25%), VLTs (24%) and bingo (22%).

People gamble for different reasons. Some gamble as a social activity, others gamble for entertainment, profit, to help charities, or even to escape their lives for a moment with the dreams of something better. Overall, for all types of regulated gambling, the strongest motivator for gambling is the thrill and reward of winning; 83% of gamblers indicate that for at least one game they play, the primary motivator is the thrill of winning. The next strongest motivators are the desire to donate to charities (49%) and entertainment (43%). (Figure 8.3)

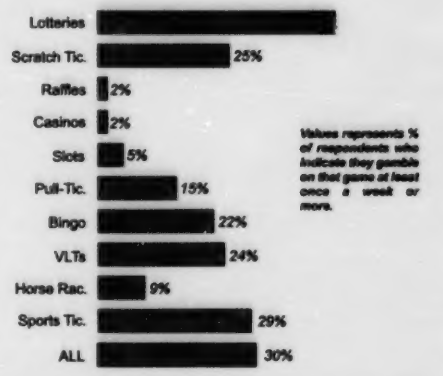
The primary motivation for playing particular games varies dramatically. While few respondents overall rate social reasons very high as a motivation, it is an important motivator for social interaction games like bingo (42%) and horse racing (30%). On the other hand, casino table games (56%) and slot machines (49%) are primarily played for entertainment. Raffles are unique as they seem to be the only true charitable form of donation in the eyes of gamblers. Less than 5% of gamblers on VLTs, bingo, casino, and horse racing (each large contributors to charity) indicated that their motivations were to make a donation.

Figure 8.1: 12-Month Participation Rates by Game



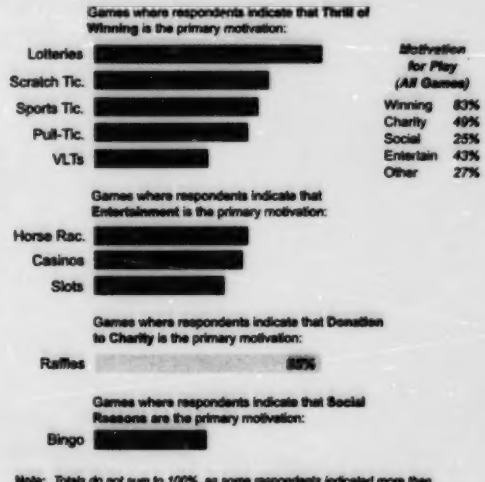
Note: ALL includes all forms of regulated gambling and some unregulated gambling not listed above. Data derived from Canada West Foundation June 1999 survey of 2,202 Canadians (Azmier, 2000).

Figure 8.2: Gambling Frequency by Game



Note: ALL includes only forms of regulated gambling, including some not listed above. Data derived from Canada West Foundation June 1999 survey of 2,202 Canadians (Azmier, 2000).

Figure 8.3: Primary Gambling Motivation by Game



Note: Totals do not sum to 100%, as some respondents indicated more than one primary preference. Only the highest ranked preference presented in this figure. Data derived from Canada West Foundation June 1999 survey of 2,202 Canadians (Azmier, 2000).

7.0 FIRST NATIONS GAMBLING POLICY

Figure 7.1: Current First Nations (FN) On-Reserve Gambling

Prov	Provincial Lotteries	FN Charity Gaming	Provincial VLTs	Current FN Casino	Future FN Casino
BC	●	●			●
AB	●	●	●		●
SK	●	●	●	●	
MB	●	●	●		●
ON	●	●		●	
QC	●	●	●		
NB	●	●	●		
NS	●	●	●		
PE	●	●			
NF	●	●			

Note

Figure 7.2: First Nations Gambling Revenue

SK

$5.0 million

$5.5 million

$13.4 million

ON

$141.5 million

NS

$1.6 million

Total First Nations Gambling Revenue 99/00

Note

As gambling in Canada is regulated at the provincial level, there exist many unique policy approaches to First Nations gambling. Policies that address on-reserve gambling have been developed or are undergoing development in most provinces. Those provinces without such policies (PEI and Newfoundland), do not have many First Nation reserves within their province.

As illustrated in Figure 7.1, First Nations in every province are active participants in most forms of charitable gambling, such as bingo, raffles, and pull-tickets. Access to these games is available through the same routes as charities, or through individual agreements between First Nations and provinces authorizing particular on-reserve charitable gambling events. First Nations in some provinces have been given the authority to issue their own licenses for charitable gambling on their reserve, provided that they have signed a gambling agreement with the province and the events meet existing provincial regulations.

Similarly, in provinces offering VLTs, a number of First Nations have licenses to operate a limited number of on-reserve VLTs if they abide by provincial regulations with regards to VLT placement and location. If VLTs must be located in a licensed establishment, which is the case in Alberta and Manitoba, this can be an obstacle for "dry" First Nation reserves. To work around this problem, the Manitoba government permits VLTs on-reserve so long as they are located in adult-only establishments. (In Alberta, no VLTs are located on reserves.)

First Nations casino policy is a new and emerging area of on-reserve gambling in Canada. Currently, only Saskatchewan and Ontario have operating casinos on First Nations reserves but there are on-reserve casino developments underway in BC and Manitoba. Alberta has also announced a First Nations gaming policy allowing for casinos--an indication that an on-reserve casino will soon be announced.

Taken together, First Nations benefited from $174 million of revenue from gambling. Saskatchewan First Nations shared $24 million from the operation of Casino Regina and the four SIGA casinos, and Ontario First Nations shared $150 million from the operation of Casino Rama. Nova Scotia First Nations that have signed an agreement with the province benefit from a $1.6 million transfer from the Sydney casino. Additionally, First Nations receive the commissions of VLTs and lottery sales on reserves and the proceeds of any on-reserve charitable gambling. The size of these values is unknown and not reported in any document.

8.0 GAMBLING PARTICIPATION

The only national study of gambling behaviour and attitudes was conducted by Canada West in July 1999. The next two sections of this report are based on that survey. (For more detail see Azmier, 2000.)

The most popular forms of gambling in Canada (in terms of participation rate) are presented in Figure 8.1. Lotteries are the most popular activity; one half of Canadians have played a lottery in the last year, followed by scratch tickets (42%) and raffles (32%). The least popular forms of gambling are sports tickets (3%), and horse racing (4%).

Neither of the significant revenue generators, casinos and VLTs, are widely played by respondents. Only 17% played casinos and 8% played VLTs in the 12 months prior to the survey. *The gambling revenue derived from these activities comes from a small portion of the population.*

Some Canadians gamble quite regularly at their favourite games (Figure 8.2). Nearly one-third (30%) of gamblers are "regular gamblers" at a particular game, playing that game at least once a week. Among weekly players, lotteries are the most popular, with 45% of lottery players indicating they gamble at least once a week. Other popular regular gambling activities include sports tickets (29%), scratch tickets (25%), VLTs (24%) and bingo (22%).

People gamble for different reasons. Some gamble as a social activity, others gamble for entertainment, profit, to help charities, or even to escape their lives for a moment with the dreams of something better. Overall, for all types of regulated gambling, the strongest motivator for gambling is the thrill and reward of winning; 83% of gamblers indicate that for at least one game they play, the primary motivator is the thrill of winning. The next strongest motivators are the desire to donate to charities (49%) and entertainment (43%). (Figure 8.3)

The primary motivation for playing particular games varies dramatically. While few respondents overall rate social reasons very high as a motivation, it is an important motivator for social interaction games like bingo (42%) and horse racing (30%). On the other hand, casino table games (56%) and slot machines (49%) are primarily played for entertainment. Raffles are unique as they seem to be the only true charitable form of donation in the eyes of gamblers. Less than 5% of gamblers on VLTs, bingo, casino, and horse racing (each large contributors to charity) indicated that their motivations were to make a donation.

Figure 8.1: 12-Month Participation Rates by Game

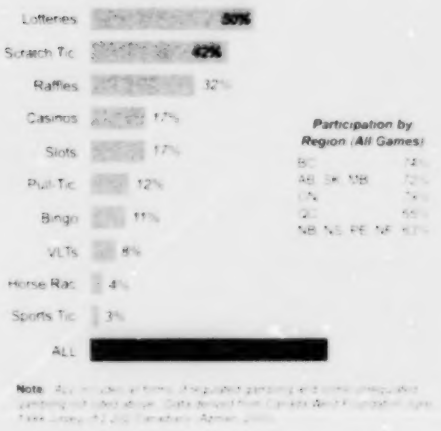


Figure 8.2: Gambling Frequency by Game

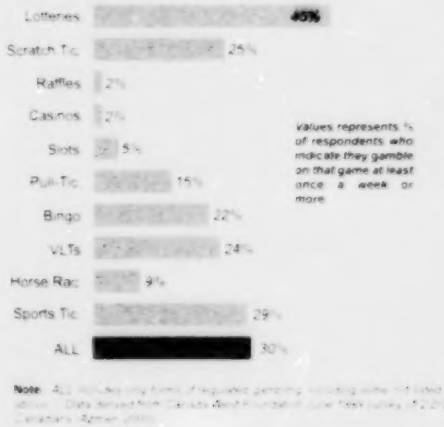
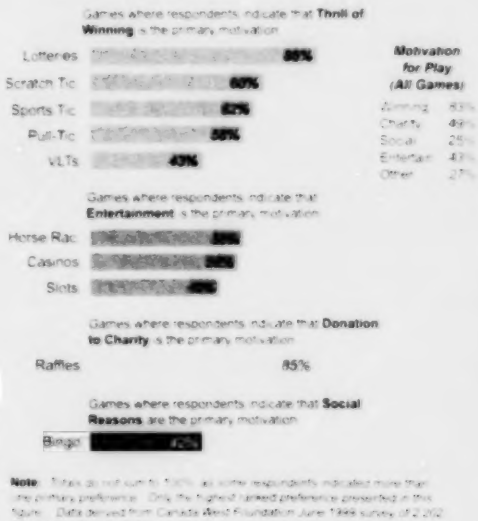
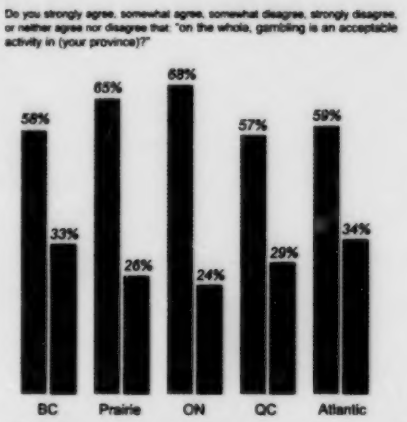


Figure 8.3: Primary Gambling Motivation by Game



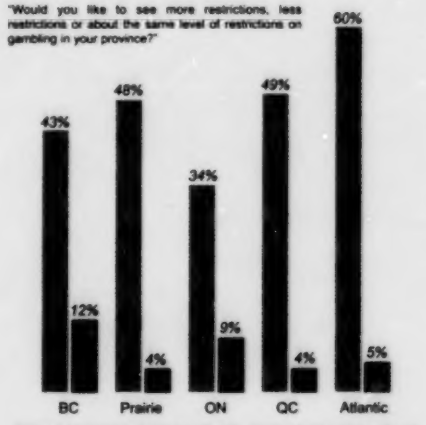
9.0 GAMBLING ATTITUDES

Figure 9.1: Gambling's Acceptability



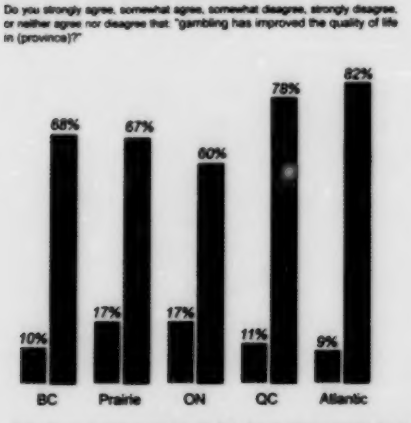
Note: Prairie region includes AB, SK, MB. Atlantic region includes NB, NS, PE, NF. *Data derived from Canada West Foundation June 1999 survey of 2,202 Canadians (Azmier, 2000).*

Figure 9.2: Gambling Restrictions



Note: Prairie region includes AB, SK, MB. Atlantic region includes NB, NS, PE, NF. *Data derived from Canada West Foundation June 1999 survey of 2,202 Canadians (Azmier, 2000).*

Figure 9.3: Gambling's Impact on Quality of Life



Note: Prairie region includes AB, SK, MB. Atlantic region includes NB, NS, PE, NF. *Data derived from Canada West Foundation June 1999 survey of 2,202 Canadians (Azmier, 2000).*

The increasing prominence of gambling as a revenue source and a public issue has polarized those Canadians with strong attitudes and perceptions toward gambling. Overall, however, the majority of Canadians appear only generally cognizant of the costs and benefits of gambling, and few have any direct awareness of the impact gambling has on individuals and communities.

Canadians view gambling as an acceptable community activity (Figure 9.1). A total of 63% of survey respondents agreed that "on the whole, gambling is an acceptable activity in (their province)." Across all regions there was support for gambling, with the strongest agreement in Ontario (68%) and the weakest in Quebec (57%).

The overall acceptability of gambling appears to be rooted in two beliefs. First, Canadians recognize gambling as an important revenue source for governments and charities. The acceptance of gambling is strongly linked to its success as a program of generating revenue. Second, there is a widely held belief that gambling activity is an inevitable, and therefore, acceptable activity. Government involvement in the delivery of gambling services is perceived as a way to limit harm of an inevitable activity and a way to maximize returns to the community.

Looking at government restrictions, the survey found that 43% of Canadians wanted to see more restriction on gambling and only 7% of respondents believed that there should be less (Figure 9.2). In the Atlantic provinces, respondents were the most supportive of more restrictions (60%) and respondents in Ontario the least (34%). Overall, a plurality (47%) were happy with the current level of gambling restriction. Gambling acceptability also appears to be rooted in the availability of an appropriate regulatory environment.

Gambling has been divisive "quality of life" issue in many communities. The notion of quality of life involves many elements such as the importance of the right to gamble, the entertainment value of the games, employment benefits, the harm of problem gambling and the social cost of gambling. When it comes to quality of life, the negative aspects of gambling merit the most consideration in forming the attitudes of Canadians. In the survey, only 14% agreed that the quality of life in their community has improved as a result of gambling, while 68% indicated that gambling has not improved the quality of life in their communities (Figure 9.3).

Overall, Canadians believe that, on balance, gambling generates more social harm than financial good yet, because gambling is going to happen anyway, it is best to try to control it through regulation.

10.0 GOVERNMENT ACCOUNTABILITY

In the simplest terms, government accountability in the area of gambling consists of three broad elements: (1) the development of policies that reflect the public will, (2) fiscal transparency, and (3) monitoring the impact of gambling. This section of the report examines the state of these criteria in Canada.

In general, gambling policy continues to evolve in Canada with only a minimum of opportunity for public involvement in the decision-making process. For the most part, government policy reviews, whether internal or public, have taken place without discussion of the parameters under review and without a mechanism to ensure that a diversity of stakeholder opinions are included in the process. Each province was canvassed for a list of recent public consultations and the results are provided in Figure 10.1. As a measure of accountability, the voice of the public appears to elude the decision-making process.

One measure of improved feedback is the increased frequency by which public votes have helped decide gambling policy. In Ontario, for example, a favourable plebiscite result is a pre-condition for the locating of casinos. Even when not welcomed by provincial governments, gambling plebiscites have been able to successfully inform the policy making process. Figure 10.2 outlines some of the more recent gambling-related votes and outcomes. Voting remains one of the most effective mechanisms to settle questions of policy and is perhaps even more effective at creating a prolonged public debate on the pros and cons of gambling.

A second area of accountability involves the use of research to monitor the impact of gambling policy decisions. In this area a few provinces stand out as notable leaders. In particular, Nova Scotia has aggressively lead the way in monitoring gambling outcomes through an aggressive research program. Alberta and Ontario have also made long-term commitments to gambling research with the development of arms-length research institutes to study elements of gambling's impact.

On the measure of data transparency there remain numerous structural barriers that reduce fiscal accountability. Chief among these is the continued inability of provinces to release gambling data in a timely fashion. The 1999/2000 data collection for this report was finally completed in July 2001. Further, the use of consolidated funds (GRF) obscures any meaningful accounting of how gambling revenue is spent by most provinces. Finally, greater consistency in the treatment of revenues, expenses, and commissions from year to year and province to province would facilitate the development of the time series and interprovincial data necessary to contribute to the public understanding of the changing nature of gambling.

Figure 10.1: Provincial Consultations and Policy Reviews

Prov.	Most Recent Gambling Policy Public Review	Expansion Moratorium
BC	White Paper circulated for review, 1999	Casinos
AB	Licensing Policy Review, 2001	All (ending Fall 01)
SK	None	Ended July 2001
MB	VLT Plebiscite Hearings, 1998	None
ON	Charity Allocation Consultations 1996-1998	All
QC	None	VLTs and Casinos
NB	Video Lottery Program Review, 1997	None
NS	Annual reviews by NSAGA	VLTs
PE	Consultation on changes to VLT access, 1998	VLTs
NF	Charity gambling funding review, 2001	None
YK	VLT consultations, 1993	None
NWT	None	None
NU	Fall 2001 Consultation	None

Figure 10.2: Recent Gambling Public Votes

Prov.	Date	Issue to be Decided	Outcome
BC	Future	Vote on the proposed Williams Lake casino	To be decided
AB	Oct. 1998	35 municipalities vote to ask the province to remove VLTs	28 of 35 vote to keep VLTs. Overall result 55% to 45% to keep. VLTs not removed pending litigation
	Future	Strathcona County to hold a plebiscite about locating casino	To be decided
MB	Fall 1998	Winkler holds plebiscite on removal of VLTs from community	78% vote in favour of removing VLTs
	Fall 2000	Headingly holds plebiscite on proposed Swan Lake casino	85% vote against proposed casino
ON	Fall 1997	30 communities hold plebiscites on EGMs, casinos or both	Yes votes in 3 communities, overall vote is 2 to 1 against expansion
	Nov. 2000	Four communities (Brockville, Prescott, Leeds and Ganonque) hold votes on locating casino.	Ganonque (62% yes) and Leeds (59% yes) to split one casino
NB	May 2001	Province wide referendum on the removal of VLTs	53% vote to continue VLT operation.
PE	1997	Plebiscite in Charlottetown on removal of VLTs from PEI	77% vote to remove VLTs. Province moves VLTs to age-restricted locations

Canada has a unique policy structure. Different from many international counterparts, gambling operates exclusively under the control of the provincial and territorial governments. These governments work within the limitations of the Criminal Code to offer gambling options that the market and the political environment demand. Charities, First Nations and private operators also benefit from gambling in Canada by providing provincially-authorized gambling activities through operational arrangements.

With over 100,000 lottery ticket centers and EGMs, 59 casinos, 177 places to bet on horses and almost 2,000 bingo halls, gambling is firmly entrenched as a substantial revenue source for those that share in the profits. The main benefactors of gambling in Canada include:

- Provincial and Territorial Governments ($5.5 billion)
- Private operators and suppliers of gambling products ($3.5 billion gross profits)
- Charity and community agencies ($712 million and an additional $675 million in gambling-related grants)
- Horse Racing Associations ($322 million gross profits)
- First Nations ($174 million)
- Federal Government ($68 million)
- 47,500 persons employed in the gambling industry.

These entities are funded from more than $10.2 billion in losses by those who gamble in government (losses of $9,040 million), charity (losses of at least $712 million) and horse racing venues (losses of $419 million). These totals are more staggering when participation rates are factored in; those rates suggest less than 1 in 5 Canadians even played an EGM or visited a casino in the last year. Equally disconcerting is that there are likely enough current problem gamblers in Canada (upwards of 1,000,000) to more than fill a city the size of Calgary.

In closing, two important limitations of this study should be noted. First, this report is only a statistical overview of gambling. By design, the report does not consider the human side of gambling. It must be clearly acknowledged that there are real costs to society associated with each dollar of revenue raised. However, this study does not attempt to quantify these costs. That omission should not lessen the importance of those issues related to the regressivity of gambling or the personal costs of problem gambling. This report presents only what is known about gambling usage and availability. Larger issues of gambling's overall impact remain outside the scope of this study. As the body of research in the area of gambling impacts is tested, the social cost of gambling will be incorporated into the design of future updates.

Second, provincial autonomy over gambling has produced a diverse and unique patchwork of policies and behaviours among provinces. Different regulatory and operational conditions exist in every region of the country. That degree of diversity heightens the importance of comparative studies that allow for an assessment of unique circumstances. However, divergent policies also limit our understanding of the nature of regional differences. While a study of this nature effectively contrasts elements of gambling availability and revenue among the provinces, it can offer very little in the way of explanation of why these differences exist. It cannot, for example, explain why Alberta's 6,000 VLTs make the same amount of revenue as Quebec's 15,000 machines. There are a myriad of social, cultural and demographic factors that influence these rates of play and gambling behaviour. This report offers a comprehensive description of the state of gambling, not factors of causation. ■

REFERENCES

Azmier, J. (2000). Canadian Gambling Behaviour and Attitudes: Main Report. Calgary, AB: Canada West Foundation.

Azmier, J. & Smith, G. (1998). The State of Gambling in Canada: An Interprovincial Roadmap of Gambling and its Impact. Calgary, AB: Canada West Foundation.

Bowlby, G. (2001). The Labour Market: Year-end Review. Perspectives on Labour and Income, Statistics Canada 13 (1), 9-19.

Canada West Foundation. (1999). Canada's Gambling Regulatory Patchwork: A Handbook. Calgary, AB: Canada West Foundation.

Dominion Bond Rating Service Limited. (1989-2001). DBRS Annual Government Reports. Toronto, ON.

Kelley, R. (2001). First Nations Gambling Policy in Canada. Calgary, AB: Canada West Foundation.

KPMG Consulting. (1998). Alberta Gaming - A Balanced Perspective. Edmonton, AB: KPMG Consulting.

Marshall, K. (2001). Fact-Sheet on Gambling. Perspectives on Labour and Income, Statistics Canada 13 (2), 47-51.

Linking Policy to People

Since 1971, Canada West Foundation has provided citizens and policy makers with non-partisan, non-ideological research on a wide range of issues of critical importance to western Canadians. The continuation of our programs depends upon the support of individuals, corporations, and granting foundations. We encourage all who believe in our mission to become Friends of Canada West and thereby ensure that our initiatives continue to have maximum impact.

For more information or to become a Friend, please contact the Canada West Foundation by phone (403-264-9535) or e-mail (cwf@cwf.ca).

Canada West Foundation is a Registered Canadian Charitable Organization (#11882 8698 RR 0001).

The Benefits of Friendship...

Supporters
(Friends that contribute between $100 and $249) receive: a one year subscription to our newsletter and executive summaries of CWF reports.

Contributors
(Friends that contribute between $250 and $499) receive: a one year subscription to our newsletter and all regular CWF publications except special reports.

Associates
(Friends that contribute between $500 and $999) receive: a one year subscription to our newsletter and all regular CWF publications including special reports.

Patrons
(Friends that contribute between $1,000 and $4,999) receive: all benefits of the Associate level plus special briefing sessions with CWF Policy Analysts.

Benefactors
(Friends that contribute $5,000 or more) receive: all benefits of the Patron level plus invitations to exclusive Benefactor events and special recognition in the Annual Report.

Friends Also Receive:

- 10% discount on CWF events
- 30% discount on CWF special reports
- CWF Annual Report
- Official tax receipt

Subscriptions

Canada West Foundation is pleased to offer annual subscriptions for $200. Students can subscribe for a reduced rate of $35 (student identification is required). Seniors (65+) can subscribe for a reduced rate of $50. Subscribers receive the CWF newsletter, all regular CWF publications, executive summaries of all special reports, and a 20% discount on special reports.

Canada West
FOUNDATION